106th Congress (1999-2000)

Veto Threats of Legislation in House of Representatives

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H.R. 8 - Death Tax Elimination Act of 2000 [July 11, 2000]

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H.R. 853 - Comprehensive Budget Process Reform Act of 2000 [May 16, 2000]

H.R. 1838 - Taiwan Security Enhancement Act of 1999 [January 31, 2000]

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H.R. 2005 - Workplace Goods Job Growth and Competitiveness Act of 1999 [February 1, 2000]

H.R. 2005 - Workplace Goods Job Growth and Competitiveness Act of 1999 [February 2, 2000]

H.R. 2366 - Small Business Liability Reform Act of 2000 [February 14, 2000]

H.R. 2372 - Private Property Rights Implementation Act of 2000 [March 15, 2000]

H.R. 2392 - Reauthorization of Small Business Administration (SBA) Programs [September 29, 2000]

H.R. 2418 - Organ Procurement and Transplantation Network Amendments of 2000 [April 3, 2000]

H.R. 2418 - Organ Procurement and Transplantation Network Amendments of 2000 [April 4, 2000]

HR 3846 - A Bill to Increase the Minimum Wage [March 9, 2000]

H.R. 3081 - The Wage and Employment Growth Act of 1999 [March 9, 2000]

H.R. 3660 - Partial-Birth Abortion Act of 2000 [April 3, 2000]

H.R. 3660 - Partial-Birth Abortion Act of 2000 [April 5, 2000]

H.R. 3832 - Small Business Tax Fairness Act [March 8, 2000]

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HR 3833 - Minimum Wage Increase [March 8, 2000]

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HR 3846 - A Bill to Increase the Minimum Wage [March 9, 2000]

H.R. 3081 - The Wage and Employment Growth Act of 1999 [March 9, 2000]

H.R. 4199 - Date Certain Tax Code Replacement Act [April 13, 2000]

H.R. 4461 - Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill, FY 2001 [May 24, 2000]

H.R. 4577 – Departments of Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 2001[June 6, 2000]

H.R. 4577 - Departments of Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 2001 [June 7, 2000]

H.R. 4635 – Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 2001 [June 19, 2000]

H.R. 4635 - Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 2001 [June 13, 2000]

H.R. 4635 - Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 2001 [September 25, 2000]

H.R. 4680 - Medicare Rx 2000 Act [June 28, 2000]

H.R. 4690 – Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 2001 [June 22, 2000]

H.R. 4690 - Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 2001 [June 20, 2000]

H.R. 4690 - Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 2001 [October 6, 2000]

H.R. 4733 - Energy and Water Development Appropriations Bill, FY 2001 [July 21, 2000]

H.R. 4810 - Marriage Tax Penalty Relief Reconciliation Act of 2000 [July 11, 2000]

H.R. 4810 - Marriage Tax Penalty Relief Reconciliation Act of 2000 [July 12, 2000]

H.R. 4811 – Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 2001 [July 11, 2000]

H.R. 4811 - Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 2001 [July 12, 2000]

H.R. 4871 - Treasury and General Government Appropriations Bill, FY 2001 [July 20, 2000]

Veto Threats of Legislation in Senate

S. 96 - Y2K Act [June 9, 1999]

S. 544 - Emergency Supplemental Appropriations Act, FY 1999 [March 17, 1999]

S. 557 - Social Security "Lockbox" Amendment [April 20, 1999]

S. 625 - Bankruptcy Reform Act of 1999 [November 8, 1999]

S. 900 - Financial Services Modernization Act of 1999 [May 3, 1999]

S. 1143 - Department of Transportation and Related Agencies Appropriations Bill, FY 2000 [September 7, 1999]

S. 1217 - Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 2000 [July 21, 1999]

S. 1283 - District of Columbia Appropriations Bill, FY 2000 [July 1, 1999]

S. 1292 - Department of the Interior and Related Agencies Appropriations Bill, FY 2000 [July 26, 1999]

S. 1429 - Taxpayer Refund Act of 1999 [July 27, 1999]

S. 1596 - Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 2000 [September 22, 1999]

S. 1692 - Partial-Birth Abortion Ban Act of 1999 [October 20, 1999]

S. 2 - Educational Opportunities Act [May 1, 2000]

S. 430 - Kake Tribal Corporation Land Exchange Act [May 22, 2000]

S. 1134 - Affordable Education Act [February 24, 2000]

S. 1287 - Nuclear Waste Policy Amendments Act of 2000 [February 8, 2000]

S. 2521 – Military Construction Appropriations Bill, FY 2001 [May 16, 2000]

S. 2522 – Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 2001 [June 26, 2000]

S. 2536 - Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill, FY 2001 [July 18, 2000]

S. 2553 - Departments of Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 2001 [June 22, 2000]

S. 2900 - Treasury and General Government Appropriations Bill, FY 2001 [July 24, 2000]

* Indicates the President's message to one chamber refers to legislation from the other.

March 17, 1999
(House)

H.R. 4 - National Missile Defense Policy Bill
(Rep. Weldon (R) PA)

The Administration shares with Congress a commitment to ensuring the American people are provided effective protection against the emerging long-range ballistic missile threat from rogue nations. That is why we have diligently pursued since 1996 a deployment readiness program to develop a limited National Missile Defense (NMD) system designed to protect against such threats. The Administration has budgeted $10.5 billion between Fiscal Years 1999-2005 for this program, including the funds that would be necessary during this period to deploy a limited NMD system.

Nonetheless, the Administration strongly opposes H.R. 4 as reported for two key reasons. First, the bill suggests that a decision to deploy an NMD system has already been made. Second, it does not make clear that the NMD would be limited and focused on protecting the United States against rogue state ballistic missile threats, as opposed to a calculated large-scale attack by an existing nuclear power.

The Administration will consider the deployment question in 2000, based on a number of critical factors, including those that must be evaluated by the President as Commander-in-Chief. The Administration intends to base the deployment decision on an assessment of the technology (based on an initial series of rigorous flight-tests) and the proposed system's operational effectiveness. In addition, other factors that will be evaluated are whether the ballistic missile threat to the United States from rogue states has developed as quickly as is currently expected and the cost of deploying an NMD system.

Finally, a decision regarding NMD deployment must also be addressed within the context of the ABM Treaty and our objectives for achieving future reductions in strategic offensive arms through START II and START III. The ABM Treaty remains a cornerstone of strategic stability, and Presidents Clinton and Yeltsin agree that it is of fundamental significance to achieving the elimination of thousands of strategic nuclear arms under these treaties.

The Administration has made clear to Russia that deployment of a limited NMD that requires amendments to the ABM treaty would not in any way challenge the underlying purpose of the ABM Treaty, i.e., to maintain strategic stability and enable further reductions in strategic nuclear arms. The ABM Treaty has been amended before, and the Administration sees no reason why it should not be possible to modify it again to permit deployment of an NMD effective against rogue nation ballistic missile threats. No other nation shall have a veto over the United States' NMD requirements. America's sovereign rights are fully protected by the supreme national interests clause that is an integral part of the ABM Treaty. The Administration, however, does not believe it should issue ultimatums, and stands ready to negotiate any necessary amendments to the treaty in good faith.

H.R. 4 could be read as suggesting that neither the ABM Treaty nor our objectives for START II and START III are factors in an NMD deployment decision. Enactment of this legislation could be interpreted by Russia as evidence that the U.S. is not interested in working towards a cooperative solution, one that is in both nations' security interests. This would put at risk a successful negotiation on the ABM Treaty and the hard-won bipartisan gains of START. Our common goal should be to achieve success in negotiations on the ABM Treaty while also securing the strategic arms reductions available through START.

May 26, 1999
(House)

H.R. 150 - Education Land Grant Act
(Rep. Hayworth (R) AZ and eight cosponsors)

The Administration opposes H.R. 150, as reported by the Committee on Resources, because the bill would require the Secretary of Agriculture, upon determination that National Forest land would be

suitable for educational purposes, to convey the land for less than fair market value. Although the Administration supports making federal land available to local communities under certain circumstances, the Administration objects to any process that would create expectations that acres of National Forest land, far in excess of the needs of local school systems, could be acquired for less than fair market value.

Pay-As-You-Go Scoring

H.R. 150 would affect direct spending and, therefore, is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary scoring estimate of this bill is that it would increase direct spending by less than $500,000 per year. Final scoring of this legislation may deviate from this estimate.

February 3, 1999
(House)

H.R. 350 - Mandates Information Act of 1999
(Condit (D) CA and 60 cosponsors)

The Administration strongly opposes H.R. 350. The Administration recognizes the value of the additional analytical information called for by the bill. However, the Administration is concerned that, by considering only the costs and none of the benefits of legislation that protects human health, safety, the environment, or the Nation's economic well-being, the bill creates an unbalanced procedural obstacle to the enactment of legislation in the public interest.

An amendment may be offered on the House floor to address the imbalance and to ensure consideration of the benefits of such legislation. The Administration would support such an amendment.

The Administration is especially concerned about the provision in the bill that would establish a point of order on the use of user fees and revenues. This provision could delay or undermine funding for a number of well-established and important programs and laws that have traditionally received bipartisan support, including airline air traffic and ground safety, the Superfund program, and public health and health research legislation that would provide additional resources for public health programs.

October 4, 1999
(House)

H.R. 356 - Conveyance of NASA Property to Stanislaus County, California, Without Compensation
(Condit (D) California)

The Administration opposes House passage of H.R. 356. The bill would circumvent the statutory process for conveying surplus Federal property and, as a consequence, the Federal Government would not be compensated for the property. The property, known as the NASA Ames Research Center, Crows Landing Facility, consists of 1,528 acres. The property's value has been estimated at $6 million by the General Services Administration, which has initiated the process to dispose of the property in accordance with current law.

Pay-As-You-Go Scoring

H.R. 356 would affect outlays; therefore, it is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. The Office of Management and Budget's preliminary estimate is that enactment of H.R. 356 would increase outlays by $6 million in FY 2002.

November 8, 1999
(House)

H.R. 359 - Emigrant Wilderness Preservation Act
(Rep. Doolittle (R) California)

The Administration opposes H.R. 359, because the bill would require the Secretary of Agriculture to provide for the maintenance and operation of artificial water control structures within the Emigrant Wilderness, California.

When Congress established the Emigrant Wilderness, 18 water control structures, constructed for the purpose of augmenting natural stream flows for downstream sports fishing, existed within the area. Because Congress did not provide for an exception to the Wilderness Act's prohibition against structures within wilderness areas, the Forest Service is attempting to enhance the wilderness quality of the area by allowing some structures to deteriorate naturally. In the end, only one man-made lake may be lost. To date, four of these structures have been allowed to deteriorate.

H.R. 359, by requiring the maintenance and operation of all 18 water control structures, would diminish the area's wilderness quality. In addition, the bill neither provides for these structures in the event that the non-federal entity fails to comply with the cooperative agreement, nor federal recovery of costs associated with the maintenance and operation of these structures.

February 9, 1999
(House Rules)

H.R. 391 - Small Business Paperwork Reduction Act of 1999
(McIntosh (R) IN)

The Administration strongly opposes H.R. 391, which would waive fines for first-time violators of Federal information collection requirements. The waiver provision could seriously hamper agencies' ability to ensure safety, protect the environment, detect criminal activity, and carry out a number of other statutory responsibilities. If H.R. 391 were presented to the President in its current form, the Attorney General, the Secretary of Labor, the Secretary of Transportation, and the Administrator of the Environmental Protection Agency would recommend that he veto it. Because current law already requires agencies to help first-time small business violators who make a good faith effort to comply, the primary beneficiaries of H.R. 391 would appear to be those who do not act in good faith, and those who intentionally or willfully violate the applicable regulations. The Administration understands that Representative Kucinich is planning to offer an amendment that is intended to address the Administration's concerns. The Administration supports efforts to address its concerns, but will continue to object to amendments that would undermine agencies' ability to carry out their many different statutory responsibilities or that would impose unnecessary and burdensome administrative requirements.

The Administration is also concerned about the provision prohibiting States from imposing a civil penalty on requirements "regarding collection of information under Federal law." This provision could create questions about States' ability to enforce State laws that implement Federal statutes. Neither the Federal agencies nor the State Attorneys General have had an opportunity to evaluate whether this provision could unduly limit State law enforcement discretion or to offer their views concerning the Federalism implications of this provision.

The Administration is further concerned about a provision that would require OMB to publish annually a list of all Federal collections of information requirements applicable to small-business concerns organized by North American Industrial Classification System code. While the Administration has no objection to agencies facilitating the ability of small businesses to know what is required of them, it believes there are more constructive ways to meet this objective.

April 14, 1999
(House)

H.R. 472 - Local Census Quality Check Act
(Miller (R) FL and 22 cosponsors)

The Administration strongly opposes House passage of H.R. 472. As stated in the attached March 16, 1999, letter to Chairman Burton, if this legislation were presented to the President, the Secretary of Commerce would recommend that it be vetoed.
H.R. 472 would mandate a post-Census local review that would not be timely, effective, or cost efficient. The Census Bureau is working with local governments to improve address information before the Census, which will provide greater accuracy of the Census within the statutory time frame for its completion.

May 11, 1999
(House)

H.R. 775 - Year 2000 Readiness and Responsibility Act
(Davis (R-VA) and 92 cosponsors)

The Administration strongly opposes H.R. 775 as reported by the House Judiciary Committee. If H.R. 775 were presented to the President in its current form, his senior advisors would recommend that he veto the bill. The Administration understands that Representatives Lofgren, Conyers, and Boucher will propose an amendment, which satisfactorily addresses many of its concerns and which we can support. The Administration is eager to work on a bipartisan basis to develop legislation to address the concerns about potential Y2K related litigation. The attached May 11, 1999 letter sets forth elements of such a proposal that the President would support.
The Administration's overriding concern is that H.R. 775, in its current form, will not enhance readiness and may, in fact, decrease the incentives organizations have to assist customers and business partners to be ready for the transition to the next century. The Administration's main goal is to ensure that all organizations -- private, public, and governmental -- do everything they can between now and the end of this year to ensure that their systems and those of their customers and suppliers are made Year 2000 compliant.
The Administration recognizes both the importance of discouraging frivolous litigation and the need to keep the courts available for legitimate claims, especially those brought by small businesses and consumers with limited resources to press their cause. However, this bill, would result in the most sweeping litigation reform of any of the Y2K liability bills under consideration, and would be perhaps the most sweeping litigation measure ever enacted if approved in its current form. This legislation goes far beyond what is reasonably necessary to address litigation concerns associated with Y2K computer problems.
This measure would protect defendants in Y2K actions by capping punitive damages and by limiting the extent of their liability to their proportional share of damages, but would not link these benefits to those defendants' efforts to solve their customers' Y2K problems now. As a result, H.R. 775 would reduce the liability these defendants may face, even if they do nothing, and accordingly undermine their incentives to act now -- when the damage due to Y2K failures can still be averted or minimized.
H.R. 775 has a number of provisions that will do little or nothing to encourage remediation. For example, H.R. 775 federalizes Y2K class actions by allowing removal of almost all of them to Federal court, without any evidence that such wholesale interference with state court proceedings will discourage frivolous lawsuits or encourage settlement of disputes without litigation. Similarly, the bill limits the liability of officers and directors without tying the limits to the defendants' efforts to fix their Y2K problems. The bill creates a reasonable efforts defense to tort claims, and perhaps even to contract claims, thus imposing the entire burden of damages on innocent plaintiffs instead of on the defendants who caused the harm. These provisions are likely to create disincentives to remediation.
Finally, the bill's coverage is unnecessarily broad. It does not specifically exempt securities lawsuits, which are already subject to significant reforms imposed in 1995 and 1998 designed to deter frivolous claims; and it extends all of its provisions beyond the commercial context to consumer claims. The Administration could support the Lofgren, Conyers, and Boucher amendment because it satisfactorily addresses many of the previously mentioned concerns (although the Administration is working with Representatives to address drafting issues raised by the Department of Justice).
Pay-As-You-Go Scoring

H.R. 775 would affect receipts and direct spending; therefore, it is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. This office's pay-as-you-go scoring of H.R. 775 is under development.

May 5, 1999
(House)

H.R. 833 - Bankruptcy Reform Act of 1999
(Gekas (R) Pennsylvania and 106 cosponsors)

The Administration strongly opposes H.R. 833. If the bill were presented to the President in its current form, his senior advisers would recommend that he veto the bill. However, the Administration strongly supports the Democratic alternative offered by Representatives Nadler, Conyers, and Meehan, which would make a limited number of targeted changes to address the most significant problems with H.R. 833.

The Administration continues to support bankruptcy reform that asks both debtors and creditors to act more responsibly. However, H.R. 833 fails the test of balance between creditors and debtors. As currently drafted, many of the bill's provisions are unfair to middle- and low-income debtors; at the same time, the bill fails to close loopholes in current law that protect the wealthiest debtors. The bill focuses on perceived abuse of the bankruptcy system by debtors without adequately addressing abuses by creditors, and takes an excessively rigid approach to limiting access to discharge of debts under Chapter 7 of the Bankruptcy Code.

H.R. 833 in its current form would limit access to Chapter 7 to debtors who meet an inflexible and arbitrary means test. The Administration agrees that debtors who can repay a portion of their debt should not have access to Chapter 7. The Administration also agrees that some expense standards should be used to guide the determination of ability to repay, analogous to how expense standards are used by the Internal Revenue Service (IRS) to guide the collection of tax debt. However, H.R. 833 simply takes IRS expense standards, which were not developed for bankruptcy purposes, and applies them rigidly to determine ability to repay in bankruptcy. Under H.R. 833, a debtor whose ability to repay according to the IRS formulas was even $1 above the minimum threshold would have to demonstrate "extraordinary circumstances" in order to gain access to Chapter 7.

Representatives Hyde and Conyers will offer an amendment that also includes a means test but which would use expense standards that are tailored for bankruptcy purposes and that would allow bankruptcy judges limited and appropriate discretion in their application. The Administration could support the Hyde-Conyers amendment (provided that one technical and conforming change is made to make the language of the amendment internally consistent).

The Democratic alternative includes a means test very similar to the Hyde-Conyers amendment that would ensure that debtors who genuinely have the ability to repay a portion of their debts would remain responsible for those debts. Moreover, the Democratic alternative would significantly reduce the administrative and legal burden of means testing by limiting paperwork requirements on low-income debtors with little ability to repay.

The Democratic alternative also would address creditor abuses in bankruptcy, especially those abuses that place priority debt such as child support and alimony payments at risk. There is extensive evidence of coerced or abusive reaffirmations of unsecured debt and low-value secured debt. Such reaffirmations frequently are the result of misleading information or threats from creditors. Remarkably, H.R. 833 would ban class actions filed against creditors who violate reaffirmation requirements -- the mechanism that was effectively used to end abusive practices in important consumer protection cases. Rolling back an avenue of consumer redress for such significant creditor abuse is simply unacceptable.

Many bankruptcy experts have advocated either banning or severely curtailing such reaffirmations because they jeopardize both a debtor's "fresh start" and a debtor's ability to pay priority obligations. The Democratic alternative proposes more limited changes to help address this abuse. Reaffirmations of unsecured and low-valued secured debt would be subject to streamlined court review as part of the means-testing process. If the creditor provided certain easily-calculated disclosures about the financial implications of the reaffirmations (such as the effective annual percentage rate and the amount of any fees and penalties that could be applied), and if the means test suggested that the debtor truly could afford to repay all of his priority debts after taking on this additional obligation, then the reaffirmation would be presumed not to create undue hardship and to be fully understood by the debtor. In addition, those persons to whom the debtor owes child support or alimony obligations would have an opportunity to present evidence that the reaffirmation would place payment of their priority debt at risk.

The Administration also remains concerned about provisions in H.R. 833 that put additional credit card and other nonpriority debts in greater competition after bankruptcy with child support, alimony, and other societal priorities

like educational loans and taxes. The Democratic alternative is consistent with the view of the Administration that caution should be exercised in the creation of additional types of nondischargeable credit card debt. H.R. 833 also eliminates virtually all "cramdowns" of secured debt to the actual value of the secured item in bankruptcy. While there are good reasons to limit the most dramatic cramdowns that occur for debts incurred close to bankruptcy, barring most cramdowns, as H.R. 833 would do, puts at risk repayment of other secured and priority debts.
The Administration continues to believe that reform must ensure that debtors are treated fairly and responsibly in the bankruptcy process, recognizing creditors' superior information and bargaining power. The Democratic alternative includes provisions adapted from H.R. 900, sponsored by Representative LaFalce, that would provide key information to consumers about credit card debt, including clear notice about the expiration of low "teaser" rates and the length of time to pay off a debt if only the minimum payment is made. Better information will help consumers avoid high debt burdens.
Finally, the Administration supports changes that would close loopholes in current bankruptcy law, such as those enabling unlimited homestead exemptions and exemptions from repayment requirements for individuals who are able to file for bankruptcy under Chapter 11, that protect some of the wealthiest debtors from having to repay a significant portion of their debt. Bankruptcy reform should not place a greater responsibility for debt repayment on moderate- and low-income debtors than it does on high-income debtors.
The Administration remains ready to work with the House to address these concerns, building on the responsible and balanced reform of the Nadler, Conyers, and Meehan Democratic alternative and the bipartisan approach of the Hyde-Conyers amendment.

May 19, 1999
(House)

H.R. 883 - American Land Sovereignty Protection Act
(Young (R) AK and 183 cosponsors)

The Administration strongly opposes H.R. 883 because the bill would unduly restrict the nomination of lands for designation under the World Heritage Convention, the Biosphere Reserve Program, and other international conservation agreements such as the Ramsar Convention on Wetlands. If H.R. 883 is presented to the President, the Secretary of the Interior and the Secretary of State will recommend that he veto the bill.
H.R. 883 would prohibit federal officials from nominating sites under existing international conservation agreements without congressional authorization for each site. Local communities, in practice, initiate the nomination process; this congressional restriction could frustrate these attempts at local and global environmental cooperation, deprive these communities of significant economic benefits of international recognition, and jeopardize American participation in international scientific cooperative efforts.
The bill purportedly responds to the perception that international conservation agreements and programs infringe upon the national sovereignty of the United States, mandate land-use regimes, restrict private landowner rights, and exclude Congress or the public from the nomination and designation processes. On the contrary, these agreements:

- Promote voluntary participation. The World Heritage nomination process is voluntary and, where non-federal lands are affected, requires the affirmative concurrence of all non-federal owners. Moreover, the Department of the Interior notifies the appropriate congressional delegations and congressional committees of each World Heritage nomination. Similarly, participation in the U.S. Man and the Biosphere (MAB) Program is voluntary and requires approval by both public and private landowners. As for the 17 designations under the Ramsar Convention, all have been at the request of the local communities.
- Preserve U.S. national sovereignty. The World Heritage Convention and the Ramsar Convention expressly recognize that participation occurs within a context of full deference to national sovereignty. Similarly, the U.S. MAB Program charter does not grant international control over reserve lands; thus, American sovereignty over U.S. Biosphere Reserve lands cannot be compromised.
- Present new opportunities. Recognition as a World Heritage site, a U.S. Biosphere Reserve, or a Wetlands of International Importance does not impose legal requirements beyond those already contained in U.S. law, management requirements on public lands, or land-use or regulatory restrictions on private lands. Moreover, many local areas of the United States embrace recognition as a value-added designation that increases tourism, which is especially vital to local economies, and fosters environmental research.

June 21, 1999
(Senate)

H.R. 975 - Steel Imports
(Visclosky (D) Indiana)

The Administration strongly opposes H.R. 975 because it is not in the Nation's economic interest and would violate U.S. international obligations under the World Trade Organization (WTO). If H.R. 975 were presented to the President in its current form, his senior advisors would recommend that it be vetoed.

H.R. 975 would require the President to impose rigid quotas on steel imports. Quotas are not needed to address last year's steel import surge. The Administration has succeeded in reducing overall steel imports to traditional, pre-crisis levels through an aggressive strategy of strong, effective, and expeditious enforcement of U.S. trade laws, coupled with bilateral contacts at the highest levels. The level of overall steel imports for the first four months of 1999 is 5% and more than 3% below the level for the same period in 1998 and in 1997 respectively. April 1999 imports of all steel products were 22% below the April 1998 level and 6% below the April 1997 level and more than 42% below the historic high of last August. Overall steel imports in April from Japan and Russia, which accounted for well over half of the surge, were down 74% and 97% respectively since November. This strategy will remain in place. The Administration is determined to keep a strong U.S. manufacturing base and the good jobs it provides, and to ensure our trading partners play by international trade rules.

Enactment of steel quotas could have serious economic consequences for American workers, farmers, and companies. The United States is the world's largest importer and exporter, and our economic strength is tied to strong, open global markets. This quota bill could spark a global round of destructive protectionism that would threaten our strong economy as well as endanger the global economic recovery. In addition, since many U.S. industries depend on steel imports to stay competitive, the arbitrary and inflexible nature of the quotas would drive up costs and result in shortages for these U.S. companies, thereby making it more difficult for them to compete at home and abroad. H.R. 975 would backfire on U.S. exporting industries (including those that use steel) and will not ensure long-term job security for American steelworkers.

H.R. 975 would violate our WTO obligations; consequently, it would give steel exporting countries the right to retaliate against U.S. agricultural, services, technology, and industrial exports, including exports that use American steel (e.g, heavy industry, autos). In addition, the Administration will commence later this year a new round of global trade negotiations to open markets for U.S. exports. It will be difficult to persuade other countries to further open their markets, if we are imposing new import quotas.

The Administration has taken forceful action to address the surge of steel imports, and will continue vigorous enforcement of U.S. trade laws, close monitoring of imports, early release of trade data, and firm engagement with our trading partners to abide by international trade rules and eliminate steel subsidies. Congress should not place at risk our steel industry's recovery, or the continued growth of the U.S. economy, by passing H.R. 975. The Administration is prepared to work with Congress on legislation that the President can sign.

Pay-As-You-Go Scoring

H.R. 975 would affect receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB has not yet developed pay-as-you-go estimates for this bill.

March 16, 1999
(House)

H.R. 975 - Steel Imports
(Visclosky (D) Indiana)

If H.R. 975 were presented to the President in its current form, his senior advisors would recommend that it be vetoed. The attached March 10th letter from White House Chief of Staff John Podesta to the House Ways and Means Committee addresses more fully the reasons for the Administration's strong opposition to H.R. 975.

Pay-As-You-Go Scoring

H.R. 975 would affect receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB has not yet developed pay-as-you-go estimates for this bill.

August 3, 1999
(House)

H.R. 987 - Workplace Preservation Act
(Rep. Blunt (R) MO and 161 cosponsors)

The Administration strongly opposes enactment of H.R. 987, a bill that would unnecessarily delay the Occupational Safety and Health Administration's (OSHA) issuance of a protective standard on ergonomics until the National Academy of Sciences (NAS) has completed a second study of the scientific literature regarding musculoskeletal disorders (MSDs) and ergonomics. If H.R. 987 were presented to the President, he would veto the bill.

During the negotiations on the Fiscal Year 1999 Omnibus Appropriations Act, Congress and the Administration agreed that the Department of Labor would proceed with its ergonomics rule while the NAS conducted its study. The Administration agreed to the inclusion of funding for this study based on a clear understanding with then-Appropriations Committee Chairman Livingston and other negotiators that the study would not be used as a reason to delay OSHA's proposed ergonomics standard. H.R. 987 would reverse this agreement by forcing OSHA to wait up to two years before issuing a standard, in expectation that the conclusions of the NAS study will differ from those reached by NAS just last year and by the National Institute for Occupational Safety and Health, which completed an exhaustive survey in 1997. Both of these studies concluded that MSDs are caused by physical forces in the workplace and that ergonomic solutions can reduce those forces and the incidence of MSDs.

Major public health organizations, medical societies, and scientific groups -- including the American College of Occupational and Environmental Medicine, the American Public Health Association, the American Nurses Association, and the American Academy of Orthopedic Surgeons -- oppose H.R. 987 and have urged OSHA to move ahead with a protective standard. Each year, more than 600,000 American workers suffer work-related MSDs and their employers pay $15-20 billion a year in workers' compensation alone. After more than ten years of experience with ergonomic programs in the red meat industry, exhaustive scientific study, and millions of unnecessary injuries, it is clearly time to move ahead.

July 22, 1999
(House)

H.R. 1074 - Regulatory Right-to-Know Act of 1999
(Bliley (R) VA and 49 co-sponsors)

The Administration stongly opposes House passage of H.R. 1074, which would require that the Office of Management and Budget (OMB) annually prepare an extensive report on the costs and benefits of Federal regulations. H.R. 1074 would significantly expand the requirements of reports that OMB has prepared under recent appropriations riders. While the Administration agrees that regulations should be well-analyzed and justified, it has serious concerns with H.R. 1074.

- By requiring extensive procedures and detailed cost-benefit analyses of each government program and program component, H.R. 1074 would divert attention and resources from the Administration's most important focus: making certain that agency regulatory decisions make sense.
- Some of the requirements in this bill are beyond the abilities and resources of OMB and the agencies who perform these analyses. Given the methodological and data collection difficulties involved, some of the analytic requirements are even beyond the current capabilities in academia.
- The imposition of unnecessary and burdensome new procedures would divert resources within OMB, making it difficult for OMB to develop the annual cost-benefit report.

The Administration agrees that cost-benefit analysis on significant regulations is important and has included such a requirement for major rules in its executive order on regulatory reform. However, this legislation would require a cost-benefit analysis by agency, agency program, and program component. The increased burden that this would place on the agencies would crowd out other priorities and would add little value in many cases.

August 2, 1999
(House)

H.R. 1152 - Silk Road Strategy Act of 1999
(Bereuter (R) NE and 5 cosponsors)

The Administration opposes H.R. 1152 because the bill, as reported by the House International Relations Committee, would harm our ability to promote foreign policy, economic, and security interests in the Caucasus and Central Asia. The bill contains new conditions and certification requirements that would restrict our ability to use assistance funds in this region and includes no new assistance authorities that have not already been provided for in the Freedom Support Act (FSA). Importantly, the bill does not include a repeal or waiver of section 907 of the FSA, which prohibits assistance to Azerbaijan.
The Administration has significant interests in this region, including political and economic reform, sovereignty and independence from outside powers, nonproliferation, and conflict resolution. Our assistance programs are an important lever to promote these important broader interests. This bill, even with certain waiver authorities, seriously constrains our ability to respond to evolving conditions in these countries and provide critical and timely support.

June 28, 1999
(House)

H.R. 1218 - Child Custody Protection Act
(Rep. Ros-Lehtinen (R) FL and 129 cosponsors)

The Administration strongly opposes enactment of H.R. 1218 in its current form. If a bill is presented to the President that fails to address the concerns that are described below, the President's senior advisers will recommend that he veto it.
During Congressional consideration of almost identical bills during the 105th Congress, the Administration, in Statements of Administration Policy and in letters from former White House Chief of Staff Erskine Bowles to the House and Senate Committees on the Judiciary, stated that it would support properly crafted legislation that would make it illegal to transport minors across State lines for the purpose of avoiding parental involvement requirements. Unfortunately, H.R. 1218, as reported by the House Committee on the Judiciary, also fails to address a number of the critical concerns raised by the Administration. Specifically, the bill must be amended to:

- Exclude close family members from criminal and civil liability. Under the legislation, grandmothers, aunts, and minor and adult siblings could face criminal prosecution for coming to the aid of a relative in distress.
- Ensure that persons who only provide information, counseling, referral, or medical services to the minor cannot be subject to liability.
- Address constitutional and other legal infirmities that the Department of Justice has identified in particular provisions of the legislation. These concerns were transmitted to the House Committee on the Judiciary on June 24, 1998, and again on June 15, 1999.

The Administration continues to be concerned that H.R. 1218 raises important federalism issues, including the rights of States to regulate matters within their own boundaries. The Administration believes, however, that legislation that addresses the concerns noted above, and that is carefully targeted at punishing non-relatives who transport minors across State lines for the purpose of avoiding parental involvement requirements, would mitigate the federalism concerns and the Administration's other concerns.
Pay-As-You-Go Scoring
H.R. 1218 could affect both direct spending and receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary scoring estimate of this bill is that it would have a net effect of less than $500,000.

September 20, 1999
(House)

H.R. 1402 - Consolidation of Milk Marketing Orders
(Rep. Blunt (R) MO and 227 others)

The Administration strongly opposes H.R. 1402 because the bill would prevent the Department of Agriculture from proceeding with reforms that would modernize the federal milk marketing order system. If H.R. 1402 is presented to the President, the Secretary of Agriculture will recommend that he veto the bill.

The 1996 Federal Agriculture Improvement and Reform Act directed the Secretary of Agriculture to consolidate the 31 federal milk marketing orders that, in part, establish the method by which minimum prices are established for fluid milk in different regions of the country. In addition, the 1996 Act authorized the Secretary to review the differentials -- the amount added to the price of milk in a given region -- and the resulting minimum prices processors pay dairy farmers. Based on information gathered from hundreds of meetings, comments on several reports, and thousands of public comments, the Secretary has concluded that the price structure, as embodied in the Department's final rule, best reflects the economics of supplying the milk markets.

H.R. 1402, however, would require the Department to impose a price structure similar to the status quo. Such a price structure will stimulate excessive milk production, reduce fluid milk consumption, and depress prices for milk used in manufactured dairy products. The bill will saddle dairy farmers, processors, and consumers with a system that has prompted virtually everyone to call for the very modernizations that the Department has already developed for the federal milk marketing order system.

While the federal milk order provisions of H.R. 1402 have been justified as an effort to support the incomes of dairy farmers, the federal milk order program cannot substitute for a meaningful national safety net for dairy farmers. The most effective and modernized milk marketing order system, such as the one the Department has adopted, ensures the orderly and efficient movement of milk to supply fluid markets. In addition, the Administration stands ready to work with Congress to develop sound, effective assistance for dairy farmers.

Finally, H.R. 1402 contains provisions that would extend the dairy price support program for one year. The Administration supports an extension. This is particularly urgent since the 1996 Act, in marked departure from how other major commodities are treated, ends the dairy price support program two years before the rest of the programs expire.

Pay-As-You-Go Scoring

H.R. 1402 would affect direct spending and, therefore, is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary scoring estimates are presented in the table below. Final scoring of this legislation may deviate from this estimate.

PAY-AS-YOU-GO ESTIMATES
(dollars in millions)

	2000	2001	2002	2003	2004	Total
Outlays	-254	418	0	0	0	164

July 19, 1999
(House)

H.R. 1477 - Iran Nuclear Proliferation Prevention Act of 1999
(Menendez (D) NJ and 44 cosponsors)

The Administration opposes H.R. 1477, which would require the United States to withhold a portion of the U.S. contribution to the International Atomic Energy Agency (IAEA) relating to IAEA activities in Iran unless the Secretary of State invokes a waiver authority and certifies that certain conditions are met. The bill will harm U.S. efforts to halt the Iranian nuclear weapons program, will not contribute to ending the Bushehr nuclear reactor project in Iran, and could adversely affect the work of IAEA, an important nonproliferation verification mechanism. In addition, H.R. 1477 includes a provision directing how the U.S. representative to the IAEA should vote on certain matters, which raises concerns regarding the President's constitutional authority to conduct foreign affairs.

The IAEA does not provide support for construction of nuclear power plants in Iran or elsewhere. It does monitor commercial nuclear projects to help ensure that these projects do not assist a covert nuclear weapons program. The IAEA's technical cooperation program is designed to ensure that no assistance is provided to potentially sensitive areas.

September 22, 1999
(House)

H.R. 1487 - Antiquities Act Amendments
(Hansen (R) UT and 10 cosponsors)

The Administration strongly opposes H.R. 1487, as reported by the Committee on Resources, because the bill represents an unwarranted incursion upon established presidential authority to protect significant natural, prehistorical, historical, and scientific resources on federal lands. If H.R. 1487 is presented to the President, his senior advisers will recommend that he veto the bill.

The Antiquities Act of 1906 authorizes the President, at his discretion, to declare federal lands to be national monuments. Over the course of this century, every President but three has employed this authority to protect sites across this country -- from the Statue of Liberty, New York, to the coastal redwood stands of Muir Woods, California -- that now are acknowledged to be the Nation's most treasured places. Historically, Presidents have invoked the Act's authorities to protect areas that faced imminent threat. While some of these declarations have stirred local opposition -- notably President Theodore Roosevelt's declaration of the Grand Canyon National Monument, Arizona -- and others have caused Congress to consider amending the 1906 Act -- such as President Franklin Roosevelt's declaration of Jackson Hole National Monument, Wyoming, now part of Grand Teton National Park -- history soundly refutes any suggestion that this unique presidential authority has been abused.

H.R. 1487 would impose procedural and notification requirements and other limitations that would undermine the President's authority to move decisively to protect and preserve the Nation's treasures for future generations. Any diminutions of the President's authority would be contrary to the Act's spirit and protective purposes.

May 18, 1999
(House)

H.R. 1654 - National Aeronautics and Space Administration Authorization Act
(Rohrabacher (R) California and 6 cosponsors)

The Administration strongly opposes House passage of H.R. 1654. The authorization levels in the bill do not conform to the President's request, which is based on a balanced and affordable space and aeronautics program. The total authorizations for FY 2000 are approximately $50 million above the President's request, but important priorities are not funded at all.

Other specific objectionable features of the bill include:

- Limitations on the flexibility of the International Space Station program to accommodate unforeseen requirements by restricting the use of space station research funds. Should program difficulties result in further schedule delays, this restriction would not allow NASA to shift funds as needed to address station problems, potentially exacerbating delays in research flight opportunities.
- The requirement that NASA spend $50 million in FY 2001 and FY 2002 for the purchase of commercial remote sensing data. NASA has already incorporated commercial purchases into its Earth Science procurement process. It is unwise to mandate specific dollar amounts for such acquisitions, at the expense of other research opportunities. Further, there is no guarantee that such data will be available in such amounts.
- Termination of all funding of the Triana satellite project. This project which is already one third of the way to launch, with $21 million already committed in FY 1999, will provide the scientific community with valuable research data on the earth's climate and solar flares, which disrupt communication satellites. Triana was subject to a rigorous peer review process, which found that it had strong scientific merit.
- Limitations on technology activities, including research on inflatable structures, such as Transhab, and ultra-efficient engines, as well as a limitation on potential commercial

opportunities for space communication services.

The legislation also does not include important provisions contained in the Administration's reauthorization proposal. These provisions will, among other things, modernize NASA's statutes to recognize the importance of the commercial space industry.

Finally, the Administration will work with Congress to secure enactment of authorizations for NASA's High Performance Computing and Communication (HPCC) program and Information Technology for the 21st Century Initiative. Authorizations for these programs are essential to ensure continued United States leadership in information technology and to fulfillment of NASA's missions.

September 15, 1999
(House)

H.R. 1655 - Department of Energy Research, Development, and Demonstration Authorization Act of 1999
(Calvert (R) CA)

The Administration opposes H.R. 1655 because the bill would hamper the Department of Energy's ability to carry out its research and development programs. Specifically, the bill would impose numerous counterproductive conditions and restrictions on construction, procurement, and management, including excessive restrictions on foreign visitors at civilian laboratories. Most significantly, the bill would adversely affect the construction of the Spallation Neutron Source by authorizing insufficient funding and imposing unneeded reporting requirements. These provisions would only serve to delay the project and increase its costs. This critically important facility is needed to help the United States recapture its position of world leadership in neutron science and related industrial and biomedical applications. Similarly, the bill would reduce authorized funding for the Climate Change Technology Initiative and thereby delay important developments in fuel efficiency and renewable energy technology. The Administration would strongly support amendments to increase funding for these programs at least to the levels requested in the President's budget.

June 23, 1999
(House)

H.R. 1658 - Civil Asset Forfeiture Reform Act
(Hyde (R) Illinois and 59 cosponsors)

The Administration strongly opposes enactment of H.R. 1658. The Administration has proposed civil asset forfeiture reform legislation that would ensure fairness and create additional due process protection. H.R. 1658, however, would have a serious negative effect on the Federal Government’s ability to combat drug trafficking, alien smuggling, terrorism, consumer fraud and many other criminal offenses.

Among other things, H.R.1658 would:

- Raise the standard of proof in forfeiture cases to clear and convincing evidence. The burden of proof should be on the Government, but by a preponderance of the evidence as it is in virtually all other civil cases. H.R. 1658 would afford drug dealers and alien smugglers greater protection for their property than doctors are afforded in health care fraud cases, defense contractors in false claim cases, or bankers in bank fraud cases.
- Create a windfall for incarcerated prisoners. H.R. 1658 would force the Government to return seized property to prisoners if notice of the forfeiture is inadvertently sent to the wrong jail. The proper remedy for such errors is to allow the Government to send proper notice to the prisoner and allow the prisoner to file a claim to the property.
- Allow drug dealers to pass drug fortunes on to their heirs through probate. The Administration supports enactment of an innocent owner defense, but it should not allow criminals to shield criminal proceeds from forfeiture if they die before the property is forfeited.
- Encourage the filing of tens of thousands of frivolous claims. H.R. 1658 would permit anyone asserting an interest in seized property to file a claim and apply for a free lawyer paid for by the taxpayer. The Department of Justice brings more than 40,000 civil forfeiture actions a year. Requiring the Federal

Government to provide a free attorney to anyone who wants to contest a forfeiture action would overwhelm the judicial system with frivolous claims.

- Require the release of seized cash, vehicles, and airplanes to property owners who demonstrate a "hardship" while their trial is pending even if there is compelling evidence that it was used to commit a crime. Criminals generally, and drug traffickers and alien smugglers, in particular, are unlikely to show up for trial on the forfeiture of their property if it was released to them immediately after the seizure. More likely, the cash, vehicle, or airplane will be put back to use in criminal activity if it is not held by the Government pending trial. Criminals facing significant time in prison are unlikely to be dissuaded by penalties associated with dissipating assets returned to them during the pendency of proceedings.

The Administration understands that Reps. Hutchinson, Weiner, and Sweeney plan to offer a substitute amendment that is very similar to a bill considered in the 105th Congress (H.R. 1965). The Hutchinson/Weiner/Sweeney amendment would reform the civil forfeiture process without going beyond what is needed to ensure fairness and due process. The Administration would support that amendment.

November 9, 1999
(House)

H.R. 1714 - Electronic Signatures in Global and National Commerce Act
(Bliley (R) Virginia and 10 cosponsors)

The Administration strongly opposes House passage of H.R. 1714, in the version considered by the House on November 1, 1999. The Secretaries of Commerce, Housing and Urban Development and of the Treasury will recommend that the President veto H.R. 1714 in its present form for the reasons set forth in the Statement of Administration Policy dated November 1, 1999 (copy enclosed).

The Rules Committee has made in order consideration of en bloc amendments to be offered by Reps. Inslee, Eshoo, and others, that purport to address some of the concerns identified by the Administration, as well as consideration of an amendment in the nature of a substitute to be offered by Reps. Gephardt, Dingell, LaFalce and Conyers. The Administration believes that the en bloc amendments fall short of eliminating the serious defects in H.R. 1714, and the Secretaries of Commerce, Housing and Urban Development and of the Treasury will recommend that the President veto H.R. 1714, with the en bloc amendments. For the reasons explained below and in the enclosed Statement of Administration Policy, the Administration would support adoption of the Gephardt-Dingell-LaFalce-Conyers substitute (previously introduced as H.R. 3220).

The legislation that was initially considered by the House Commerce Committee was designed to ensure the legal validity of contracts in electronic form that are signed with electronic signatures (the States currently are considering the Uniform Electronic Transactions Act, which updates state contract law to recognize electronic contracts). These provisions are not controversial. They are embodied in the Abraham-Wyden-Leahy amendment to S.761 (which may be considered by the Senate this week) and in the Gephardt-Dingell-LaFalce-Conyers substitute.

The bill reported by the House Commerce Committee - H.R. 1714 - goes well beyond this limited but critical objective, and adopts provisions that broadly authorize the substitution of "electronic records" that do not provide equivalent protections as those for the written documents mandated by statutes and regulations requiring consumer notifications and disclosures. The bill also would allow businesses subject to statutory and regulatory record retention requirements (insurance companies, for example) to retain electronic records while not providing equivalent access to the written records required by those statutes and regulations. The Administration believes strongly that these provisions will leave on-line consumers with fewer consumer protections than they have in other forms of commerce.

For example, the bill ostensibly requires consumers to "opt-in" to electronic notices, but the consumer need not be told of the right to obtain information in written form or which specific records would be affected. Neither the States nor federal regulators will have any ability to eliminate abuses that may occur. And even with respect to notices concerning health and safety, the States (but not the federal government) can reinstate regulatory requirements, but the bill creates a gap in protection for the years that will elapse before reenactment occurs. Finally, the bill deprives the States of all authority to oversee retention of electronic records - businesses may decide for themselves how to keep information electronically, even if they do so in a way that makes it impossible for state regulators to do their jobs.

The en bloc amendments do not come close to addressing the Administration's concerns. Although it improves the "opt-in" standard by requiring that the consumer's consent be "conspicuous and visually separate" and that the consumer be informed of the hardware and software needed to access electronic records, it still does not require that the consumer be told of the right to receive written notice or of the particular notices and disclosures that would be affected. Moreover, the amendment does nothing to restore regulators' authority to prevent abuses by overreaching corporations. Rather, it weakens the already diminished ability of the States to protect health and safety. Under the version considered November 1 under suspension of the rules, and here again today, States could reenact requirements of written notices "necessary for the protection of the safety or health of an individual consumer"; under the en bloc amendments the States' power is restored only if notices are necessary for the protection of the "public health or safety of consumers," a standard that is plainly less protective of individual consumers. Finally, the en bloc amendments would subject consumers to the bill's electronic delivery provisions without adequate protections for at least 18 months while a study of the impact on consumers is completed.

The Gephardt-Dingell-LaFalce-Conyers substitute, by contrast, accomplishes the highly laudable goal of ensuring that signatures and contracts will not be denied legal effect solely because they are electronic in form. The Administration supports this substitute because it preserves long standing government authority to establish safeguards, such as consumer protection laws; covers only commercial transactions between private parties that affect interstate commerce; does not affect Federal laws or regulations; and sunsets completely when a state enacts the Uniform Electronic Transactions Act. The Senate may consider this week a proposal that is virtually identical to the Gephardt-Dingell-LaFalce-Conyers substitute. Hence, the important objectives accomplished by that substitute could be codified in legislation that is enrolled and presented to the President for signature virtually immediately.

Electronic commerce will play an important role in expanding our economy at the same time that it provides new benefits to consumers. The Administration believes that reliable electronic signature technology, used properly, is necessary to reap the full benefits of electronic commerce for consumers. The States and the Federal government can assist the growth of electronic commerce by ensuring a predicable legal environment with regard to the validity of electronic signatures and contracts.

In certain circumstances it will be appropriate for the law to allow ongoing communication between parties to be conducted in electronic form. Statutory changes to accomplish this task must be done with great care, however, to avoid placing vulnerable consumers at risk. The Federal Reserve is currently engaged in a public rulemaking process to evaluate various consumer protection regulations and determine the appropriateness of electronic disclosures and notices on a statute-by-statute basis. The Administration supports this process, which should not simply be preempted by H.R. 1714 or similar legislation.

The Administration recognizes that a number of Representatives also wish to address the issues of electronic records and electronic record retention and maintenance requirements that would not be addressed by the Gephardt-Dingell-LaFalce-Conyers substitute. The Administration is committed to working constructively with those Representatives to discuss their concerns and develop appropriate legislation that avoids the problems identified herein.

September 23, 1999
(House)

H.R. 1875 - Interstate Class Action Jurisdiction Act of 1999
(Goodlatte (R-VA) and 37 cosponsors)

The Administration strongly opposes House passage of H.R. 1875. If the bill were presented to the President, his senior advisors would recommend that he veto it.

Class actions play an important role in making the courts available to all Americans. When a company profits by violating the rights of or injuring thousands of individuals, but the harm to each is small, a class action may be the only practical way to vindicate their rights and deter similar behavior. State class actions have been brought to remedy injuries stemming from fraud, defective and dangerous products, discrimination prohibited under State law, and negligence causing widespread public health or environmental damage. A class action is the most efficient and practical way to resolve the common issues in these cases. Class actions also can reduce inconsistent judgments and lower judicial costs - benefits to our system of justice and all its participants.

H.R. 1875 would mean that a large number of class actions would be transferred from State to Federal court. Transferred class actions that do not meet Federal class certification standards not only would be dismissed from Federal court, but would also be forever subject to removal and dismissal if re-filed as class actions in State court. Those plaintiffs would be denied class relief - in many cases their only effective remedy. As a result, many State

residents would effectively be denied access to their own State courts. And State policy choices about class action litigation would be preempted - a dramatic break from our Federal system's traditional deference to State choices about the procedures to be used in their courts.
Moreover, H.R. 1875 would move substantial numbers of State class actions to Federal courts at a time when the Chief Justice, among others, has repeatedly expressed serious concerns about the increasingly burdensome workload of the Federal courts. Class actions are among the most resource-intensive cases before the Federal judiciary. H.R. 1875 would unnecessarily overburden the Federal courts with cases that often deal solely with State law.
Proponents argue that H.R. 1875 is needed to stop abuses of class actions. But removing these cases to federal court is no solution because class action abuses can occur regardless of venue. In short, while passage of H.R. 1875 will not end the alleged problem of class action abuses, it will impose a high cost on injured plaintiffs, our system of federalism, and the resources of the Federal judiciary. It will limit the availability of class actions as a viable remedy for those with bona fide claims who are unable to afford a suit of their own; it will infringe significantly on State courts' ability to offer redress and provide a convenient forum for their citizens; and it will expand the already overloaded Federal docket, thus threatening the ability of the Federal courts to provide anything resembling swift justice to civil litigants.

September 14, 1999
(House)

H.R. 1883 - Iran Nonproliferation Act of 1999
(Gilman (R) NY and 212 cosponsors)

The Administration strongly opposes H.R. 1883, the "Iran Nonproliferation Act of 1999." The Administration shares with the Congress a strong interest in promoting nonproliferation, and in combating Iran's efforts to acquire weapons of mass destruction (WMD) and their missile delivery systems. U.S. leadership is critical to the required international effort to attack this problem. H.R. 1883 would weaken the U.S. ability to persuade the international community to halt such transfers to Iran. Because the bill would undermine U.S. nonproliferation goals and objectives, the President's senior advisers would recommend that the President veto the bill, if it is presented to him in its current form.
Because of the bill's unworkably low standard of evidence and broad scope, the bill would require the identification of scores of entities in member countries of the multilateral regimes - entities that have complied with their country's laws and the rules of the nonproliferation regimes. This would have the effect of undermining multilateral support that is vital to effectively fight proliferation, as well as support for other U.S. goals.
While improvements have been made to the original legislation, the bill's reporting requirements remain onerous and unworkable and would divert scarce resources away from the fight against proliferation. In addition, the bill's sanctions are unnecessary given the wide range of existing nonproliferation sanctions laws and the discretionary legal authorities that the Administration has available and has already applied to penalize ten Russian entities involved with Iran's missile and nuclear programs.
H.R. 1883 is particularly inappropriate now that the United States has achieved substantial progress with the Russian government in establishing the policy, legislative, and institutional basis for a system of effective Russian export controls. The Russians have recently enacted tough new export control legislation, and have adopted a U.S. game plan designed to cut off future contacts between Russian entities and Iran's WMD/missile programs. These controls are essential for Russia to be able to police its own industries, scientists, and engineers and to stem the flow of Russian technology and expertise to Iran. Passage of H.R. 1883 would ignore the progress achieved and would undermine the efforts of Russian officials who have cooperated to strengthen export controls.
The restriction on "extraordinary payments" in connection with the International Space Station (ISS) could negatively impact ISS assembly and operations without advancing U.S. nonproliferation goals. Despite technical changes and exemptions, the determination standard for "extraordinary payments" is far too broad, making compliance inherently subjective and ill-defined. The restriction could hinder NASA's ability to work with Russian organizations that are cooperating with the United States to enforce nonproliferation measures, as well as strengthen elements in Russia that oppose Russian participation in the U.S.-led ISS. It could be viewed by other ISS partners as a unilateral U.S. action in a multilateral program. Finally, it could result in significant cost growth and schedule delay to the United

States and other ISS partners by restricting needed access to Russia?s unique capabilities and expertise, and constrain NASA's ability to rapidly respond to emergent safety and operational requirements on the ISS.

October 27, 1999
(House)

H.R. 1987 - Fair Access to Indemnity and Reimbursement Act
(Rep. Goodling (R) PA and 63 cosponsors)

The Administration strongly opposes H.R. 1987, which would require the payment of attorneys' fees and costs to small employers and labor organizations that prevail in proceedings brought against them by the Occupational Safety and Health Administration (OSHA) or the National Labor Relations Board (NLRB). If the bill were presented to the President, the Secretary of Labor would recommend that he veto it.

By imposing a strict, no-fault "loser pays" requirement against OSHA and NLRB, H.R. 1987 is clearly designed to discourage these two agencies from pursuing all but the clearest cases. If successful in deterring OSHA and NLRB from bringing cases that may be difficult to win but are substantially justifiable, the legislation would result in a serious erosion of the rights and protections of workers who have no private right-of-action and rely entirely on the two agencies to protect their rights to a safe and healthful workplace and free choice in workplace representation.

The Administration believes that the existing Equal Access to Justice Act provides small employers and labor organizations appropriate protection against prosecutorial overreaching. It requires compensation for small entities that are prevailing parties in cases where the Government was not substantially justified in bringing a law enforcement action, and provides for the payment of attorneys' fees and expenses when the Government's demand is substantially in excess of the judgment finally obtained.

Pay-As-You-Go Scoring

H.R. 1987 could affect direct spending; therefore, it is subject to the pay-as-you-go (PAYGO) requirement of the Omnibus Budget Reconciliation Act of 1990. Office of Management and Budget's preliminary scoring estimate is that H.R. 1987 would have a net PAYGO effect of zero in each of FYs 2000-2004.

July 20, 1999
(House)

H.R. 1995 - Teacher Empowerment Act
(Rep. Goodling (R) PA and 47 others)

The Administration opposes House passage of H.R. 1995, as reported by the Committee on Education and the Workforce. If the bill is presented to the President in its current form, he will veto it because it undermines last year's bipartisan commitment to class size reduction, by failing to guarantee the continuation of a nationwide effort to reduce class sizes in the early grades. Research has shown that students attending smaller classes in the early grades make more rapid educational progress, with the greatest benefits accruing to lower-achieving, minority, and poor children.

The bill instead creates a block grant that fails to guarantee that any funding will be used for hiring new teachers to reduce class size. The bill also eliminates the goal of significantly smaller classes, eliminates an important focus on the early grades, and does not adequately target funding to the communities that need it most. Moreover, this bill could allow Federal resources to replace local or State funding already being spent on class size reductions, instead of increasing overall investments in public schools. The Administration and Congress should be working together to make continued progress on this obvious national need -- not retreating from last year's bipartisan work addressing this problem.

In addition, H.R. 1995 is a flawed alternative to the President's proposed Educational Excellence for All Children Act of 1999 because it:

- Excludes Federal support for the National Board for Professional Teaching Standards, and other activities of national significance, from the bill's allowable "national activities."
- Does not advance the next generation of standards-based reform.
- Fails to hold States, school districts, and schools accountable for improving student achievement.
- Does not target funds equitably or effectively.
- Fails to expand the Troops-to-Teachers program and restricts the Administration's flexibility to fund the program.
- Does not include direct support for professional development for early childhood educators focused on early language and literacy development.
- Represents a piecemeal approach to the important task of reauthorizing the Elementary and Secondary Education Act of 1965, the principal Federal statute that supports K-12 education.

The Administration supports a substitute to be offered by Representative Martinez, which would continue the commitment to class-size reduction begun last year. The Martinez substitute would also retain current language authorizing support for the National Board for Professional Teaching Standards, include strong accountability measures, provide resources for States to continue their work in the important areas of standards and assessments, and better target funds on high-need communities.

June 16, 1999
(House)

H.R. 1501 - Consequences for Juvenile Offenders Act of 1999
(McCollum (R) Florida and 19 cosponsors)

H.R. 2122 - Mandatory Gun Show Background Check Act of 1999
(McCollum (R) Florida and Hyde (R) Illinois)

The Administration supports a comprehensive approach to addressing the problem of youth crime and violence. The President has taken the lead to address youth violence on all fronts - from the media to the gun industry to parental responsibility. Most importantly, the Administration supports common sense gun legislation to help keep guns out of the hands of children and criminals. Specifically, the Administration supports measures to strengthen the successful Brady Law to require Brady background checks at gun shows and flea markets, and to raise the age of handgun ownership from 18 to 21. In addition, the Administration supports other life-saving measures already passed by the Senate to: require mandatory child safety devices with every new handgun sold; ban the importation of large capacity ammunition clips; prohibit violent juveniles from buying guns as adults; and bar juvenile possession of assault rifles.

The Administration opposes H.R. 2122, which fails to close the gun show loophole. The bill contains a narrower definition of "gun show" that would not cover flea markets and other such commercial venues where hundreds of guns are regularly bought and sold. In addition, the bill creates a safe harbor for criminals by creating a new class of "instant check registrants" to do background checks at gun shows - undermining law enforcement efforts to trace firearms that are later used in crimes. We also oppose the Dingell amendment, which maintains many of the bill's worst features and makes other provisions worse. For example, it shortens the amount of time law enforcement officials have to conduct background checks. According to the FBI, if this 24 hour limit were applied to all current background checks, an estimated 17,000 criminals would have been able to purchase guns over the past 6 months. We strongly support the McCarthy/Roukema amendment, the only amendment to H.R. 2122 that will close the gun show loophole once and for all.

In addition, the Administration supports comprehensive legislation to strengthen youth responsibility and accountability by juvenile offenders. While the Administration recognizes the importance of addressing juvenile crime, it is only through a comprehensive approach to crime -- including prevention, intervention, and punishment -- that we can continue to lower our crime rate, improve the safety of our communities, and deter children and adults from a life of crime.

To this end, the Administration supports the Conyers substitute. This amendment reauthorizes the Office of Juvenile Justice and Delinquency Prevention (OJJDP) and the Office of Community Oriented Policing Service (COPS) -- which has made a significant contribution to our nation's safer streets. The President proposed nearly $1.3 billion in

his FY 2000 budget - and nearly $6.4 billion over the next five years - for a new 21st Century Policing Initiative to help communities build on their efforts under the COPS program. This initiative will enable communities to continue to hire, redeploy, and retain police officers; to give law enforcement officers access to the latest crime-fighting technologies; to hire community prosecutors; and to foster community-wide prevention. These successful tools in the fight against crime must be an integral part of any legislation that seeks to make our streets safer, but they are not included in current House legislation.

In addition, the Administration has concerns with the McCollum amendment, which would treat certain juveniles prosecuted in the federal system too harshly by failing to provide needed safeguards for younger juveniles, and juveniles who are charged with less serious crimes.

Finally, the Administration supports serious efforts to address the issue of media violence and its effects on young people. That is why the President has taken the lead in challenging the entertainment industry to live up to its responsibilities and initiating both a Surgeon General's report on youth violence and a joint FTC/DOJ study of the industry's marketing practices. The Administration, however, opposes an expected amendment to ban the distribution of certain violent material to teenagers. A broad prohibition of this kind on the sale or exhibition of violent materials would raise profound First Amendment concerns -- so much so that the drafters of this provision have included expansive loopholes that insofar as they address constitutional problems would render the provision, in critical respects, virtually impossible to enforce and therefore meaningless.

October 21, 1999
(House)

H.R. 2300 - Academic Achievement for All Act ("Straight A's Act")
(Rep. Goodling (R) PA and 128 Others)

The Administration strongly opposes H.R. 2300, as reported by the Committee on Education and the Workforce. In addition, the Administration opposes simply limiting this proposal to ten States because that would not address the fundamental flaws in this legislation. If the bill were presented to the President, his senior advisers would recommend that he veto it.

H.R. 2300 would effectively permit States to convert a wide array of Federal education programs that address national priorities into a single block grant program providing general aid for education. The bill would thus undermine the Federal Government's commitment to help local communities raise educational standards and educational achievement for all students, reduce class size, improve the quality of teaching, put a computer in every classroom, make schools free from drugs and violence, and promote family literacy. These efforts have been proven successful in helping schools to improve.

Block grants would replace these worthy and targeted efforts with general aid, without providing adequate mechanisms to: (1) hold States and communities accountable for their use of taxpayer funds; (2) hold schools and school systems accountable for results; and (3) give the Administration and Congress information with which to evaluate the block grant program's performance. The bill would not target funds to school districts and schools, or for educational services, that most warrant Federal assistance, and it would not ensure that funds are actually used for classroom instruction. The bill would also open the door for Federal funds to be spent on private and religious school tuition. The Administration's position on this issue is well known.

The Administration is pleased that the House is working to improve and reauthorize the Elementary and Secondary Education Act of 1965. The Administration urges the House to reject the block grant approach of H.R. 2300 and, instead, work towards adopting the ESEA reauthorization legislation as proposed by the President in his Educational Excellence for All Children Act of 1999.

September 29, 1999
(House Rules)

H.R. 2436 - Unborn Victims of Violence Act of 1999
(Rep. Graham (R) SC and 66 cosponsors)

The Administration strongly opposes enactment of H.R. 2436, which would make it a separate Federal offense to cause "death or bodily injury" to a "child in utero" in the course of committing certain specified Federal crimes. If H.R. 2436 were presented to the President, his senior advisers would recommend that he veto the bill.

The Administration has made the fight against domestic violence and other violence against women a top priority. The Violence Against Women Act (VAWA), which passed with the bipartisan support of Congress in 1994, marked a critical turning point in our national effort to address domestic violence and sexual assault. VAWA, for the first time, created Federal domestic violence offenses with strong penalties to hold violent offenders accountable. To date, the Department of Justice has brought 179 VAWA and VAWA-related Federal indictments and awarded over $700 million in VAWA grants to communities to assist in combating violence against women.

Unfortunately, H.R. 2436 is not designed to respond to violence against women. The Administration has significant public policy concerns with the legislation, as described in the Department of Justice letter to the House Committee on the Judiciary on September 9, 1999. For example, H.R. 2436 would: (1) trigger an excessive increase in the length of the sentence as compared with the sentence that could otherwise be imposed for injury to a woman who is not pregnant; (2) depart from the traditional rule that criminal punishment should correspond to the knowledge and intent of the defendent; and (3) identify a fetus as a separate and distinct victim of a crime, which is unprecedented as a matter of Federal statute, and unnecessary to achieve the goal of increasing the punishment for violence against pregnant women.

H.R. 2436 is careful to recognize that abortion-related conduct is constitutionally protected; however, this does not remove all doubt about the bill's constitutionality, as explained in the Department of Justice letter to the House Committee on the Judiciary on September 9th.

The Administration strongly opposes H.R. 2436. We understand, however, that Representative Lofgren will offer an alternative that appropriately focuses on increasing the punishment for violence against pregnant women without identifying a fetus as a separate and distinct victim of a crime.

The Administration is willing to work with Congress to develop legislation that would strengthen the punishment for intentional violence against women whom the perpetrator knows or should know is pregnant, strengthen the criminal provisions of VAWA, and reauthorize the grant programs established by VAWA.

July 21, 1999
(House)

H.R. 2488 - Financial Freedom Act of 1999
(Archer (R) Texas and four cosponsors)

The Administration strongly opposes the package of tax cut proposals contained in H.R. 2488. If a bill encompassing these proposals were to pass the Congress, the President would veto it.

The Nation's economy is strong because the Administration and the Congress have followed the proper economic course over the past six years. Because the Administration and the Congress have focused on reducing deficits, paying down debt held by the public, bringing down interest rates, investing in our people, and opening markets, there is $1.7 trillion less debt held by the public today than was forecast in 1993. These actions have contributed to greater productivity growth, low inflation, low unemployment, and broad-based growth in real wages. H.R. 2488 would reverse the fiscal discipline that has had such great benefits for the Nation's economy, raising several serious concerns.

- The President has stated repeatedly that, before considering using projected surpluses to provide a tax cut, the long term solvency of Social Security and Medicare must be addressed. To date, the Congress has not acted on either of these issues.
- The magnitude of the tax cuts in the bill, plus the associated debt service costs, could be greater than the size of all of the on-budget surpluses the Congressional Budget Office projects for the next ten years.
- A tax cut of this size leaves none of these surpluses available for addressing the long-term solvency of Medicare -- which is currently projected by its Trustees to be insolvent by 2015, for addressing the

financial needs of Social Security in the longer term, or for necessary funding for our national security and for education, health, and other domestic priorities.

- The bill would cause the Nation to forgo the unique opportunity to eliminate completely the burden of the debt held by the public by 2015 as proposed by the President in the Mid-Session Review of the Budget. The elimination of this debt would have a beneficial effect on interest rates, investment, and the growth of the economy. Moreover, paying down debt is tantamount to cutting taxes. Each one-percentage point decline in interest rates would mean a cut of $200 to $250 billion in mortgage costs borne by American consumers over the next 10 years. If we do not erase the debt held by the public, our children and grandchildren will have to pay higher taxes to offset the higher Federal interest costs on this debt.
- Since many of the major tax cuts are phased-in over a period of years, the cost of the proposed tax cuts would explode beyond the 10-year budget window. This would pose even greater risks for the future, just as the first wave of the baby boom generation is retiring. For example, the amount of the revenue loss from this package in 2015 alone is almost as large as the approximately $250 billion increase in the projected annual cost of Social Security between 2010 and 2015.
- Budget projections for any period in the future are inherently uncertain. For example, in a study reviewing fiscal years 1988-98, CBO has reported that the average change between its estimates of annual deficits or surpluses five years into the future and the actual results was substantial. Projections of budget surpluses ten years into the future are even more uncertain. The prudent course of action in the face of these uncertainties is to avoid making financial commitments -- such as massive tax cuts -- that will be very difficult to reverse.
- The bill would not meet the existing pay-as-you-go requirements of the Budget Act, which has helped provide the discipline necessary to bring us from an era of large and growing budget deficits to the potential for substantial surpluses. It would also require an automatic sequester of mandatory programs, including Medicare.
- Finally, the Administration is concerned with the priorities and many of the specific elements of the tax initiatives in the bill. Too small a percentage of the tax cuts address the needs of middle-income working families. The Administration believes a better approach would be to include the high-priority, targeted tax incentives for middle-income families established in the President's budget -- helping them save for retirement, modernizing public schools for their children, and helping them care for their children or their relatives with long-term care needs.

The Administration looks forward to working with the Congress in the coming months to address the solvency of Medicare and Social Security, to meet critical national priorities, and to provide fiscally responsible tax relief targeted at the needs of working families.

Pay-As-You-Go Scoring

H.R. 2488 would affect receipts; therefore, it is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. The Administration has not yet completed its scoring of the bill, but it is evident that the magnitude of the tax cut and the absence of significant offsets would cause a sequester of mandatory resources.

July 15, 1999
(House)

H.R. 2490 - TREASURY AND GENERAL GOVERNMENT APPROPRIATIONS BILL, FY 2000

(Sponsors: Young (R), Florida; Kolbe (R), Arizona)

This Statement of Administration Policy provides the Administration's views on the Treasury and General Government Appropriations Bill, FY 2000, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration appreciates the Committee's efforts to accommodate the President's priorities within the 302(b) allocation. Within the 302(b) allocation, the Subcommittee made difficult choices to produce a balanced bill. Unfortunately, the Committee has adopted an amendment that reduces the bill below the levels necessary to provide services that our citizens need and expect.

The President's FY 2000 Budget proposes levels of discretionary spending that meet important national needs while conforming to the Bipartisan Budget Agreement by making savings proposals in mandatory and other programs

available to help finance this spending. Congress has approved and the President has signed into law nearly $29 billion of such offsets in appropriations legislation since 1995. The Administration urges the Congress to consider such proposals as the FY 2000 appropriations process moves forward. In particular, with respect to this bill, the Administration urges the Congress to consider our proposals for Customs user fees.

The following discussion highlights our specific concerns with the Committee-reported bill. We look forward to working with you to resolve these issues as the bill moves forward.

Committee Reductions to Internal Revenue Service and General Services Administration

The Administration strongly opposes the House Committee reduction to Internal Revenue Service (IRS) programs. The Committee has reduced IRS resources by $139 million from levels requested in the President's FY 2000 Budget. These cuts would seriously jeopardize Commissioner Rossotti's critical efforts to modernize the IRS and improve service as mandated by the Restructuring and Reform Act (RRA) of 1998. This landmark, bipartisan legislation established 71 new taxpayer rights provisions and mandated an entire new direction for the IRS. Implementing these provisions will require additional staff time and technology changes. Program reductions forced by the Committee cuts would significantly impair the ability of the IRS to implement the reforms that were mandated by the RRA and that have been embraced by both the Congress and the Administration. These program reductions would also threaten to make it more difficult to ensure a compliance effort robust enough to maintain taxpayer confidence in the fairness of the tax system.

The Administration strongly opposes the Committee's $100 million reduction to the request for building repairs and alterations in the General Services Administration's Federal Buildings Fund. This 15-percent reduction from the President's budget would postpone critically needed life, safety, and building systems repairs and would impede GSA's ability to maintain and modernize its aging inventory of Government-owned buildings.

Possible Additional Cuts to Program Funding Levels

We understand that amendments may be offered on the House Floor proposing significant additional cuts to this bill. The Administration would strongly oppose such amendments. Funding levels provided in the President's budget for programs funded though this bill meet important and essential national needs. Additional cuts could further hamper IRS efforts to implement successfully reforms mandated by the Restructuring and Reform Act; endanger basic tax processing; weaken important crime-fighting programs that target drug, financial, and violent crimes; possibly slow trade and passenger processing at Customs stations nationwide; further reduce needed funding for Federal building repair and modernization; and, jeopardize essential information and modernization efforts required by Congress.

Potential Amendment to the Exchange Stabilization Fund

The Administration would strongly oppose an amendment that may be offered to restrict severely the use of the Exchange Stabilization Fund. Such an amendment would constitute an unacceptable limitation on the executive branch's ability to protect critical U.S. economic interests. We simply cannot afford to compromise our nation's vital economic and financial interests by limiting our ability to act responsibly and expeditiously during times of urgent crisis. If the final bill were to contain such restrictions, the Secretary of the Treasury would have no choice but to recommend to the President that he veto the bill.

Bureau of Alcohol, Tobacco and Firearms

The Administration is concerned that the House Committee has not included the requested $15 million for the Bureau of Alcohol, Tobacco and Firearm's (ATF's) headquarters site acquisition. The current location of ATF's headquarters does not meet the minimum security guidelines as described in the Department of Justice's 1995 Vulnerability Assessment and is less secure than many Federal buildings that do not house a law enforcement agency. To ensure adequate security for ATF employees, we urge the Committee to fund the President's request for ATF's site acquisition.

Federal Employees Health Benefits Program

The Administration strongly opposes sections 509 and 510 of the bill. These provisions would restrict Federal Employees Health Benefits Program (FEHBP) coverage for abortions except in situations where the life of the mother is endangered or the pregnancy is the result of rape or incest. While the President believes that abortion should be safe, legal, and rare, the Administration does not believe that Federal employees and their families should be precluded from choosing to purchase health insurance that includes broader coverage. The Administration believes that the decision to cover abortion should be left to each health plan participating in the FEHBP. Federal employees who wished to purchase health coverage that does not include abortion services would have that choice. The provision in the Committee bill does not allow Federal employees and their families to make that choice.

The Administration supports the provision of the Committee bill (section 635) that continues current law requiring coverage of prescription contraceptives by health plans participating in the FEHBP and would strongly oppose an amendment to strike or modify it. We support improvements in the basic health care coverage for women and the goal of the provision: to reduce unwanted pregnancies and the need for abortion.

Salary of the President

The Administration commends the action of the Committee to raise the President's salary, effective with the beginning of the next Presidential term on January 20, 2001. The President's salary has not been increased for 30 years and, as a result, has declined significantly relative to inflation and wage growth in the economy. An increase would restore an appropriate relationship between the President's salary and the salaries of other senior Government officials and, in addition, would bring the salary of the President more in line with the duties and responsibilities of the Office.

Federal Buildings Fund

The Administration is concerned that the Committee has not provided the requested $94 million for new construction projects in the Federal Buildings Fund, including the design and construction of the Food and Drug Administration's (FDA's) headquarters (phase I), the design and/or construction of five border stations, and the demolition of the U.S. Mission to the United Nations. Postponement of these projects would result in inefficient space utilization by housing the FDA in 48 buildings at 20 locations and the U.S. Mission in a building that is too small to meet its needs. Postponement would also adversely affect public safety at five border stations because the transportation infrastructure is inadequate to accommodate increased traffic volumes. We would support efforts to include funding for these projects.

Separation of Powers

Section 622 of the bill raises substantial separation of powers concerns because it could be read to limit the ability of the President and his appointed heads of departments to supervise and control the operations of and communications of the Executive Branch, including the control of privileged and national security information. We therefore object to this provision.

There are numerous provisions in the bill that purport to require congressional approval before Executive Branch execution of aspects of the bill. Specifically, these provisions purport to condition the spending of already appropriated funds on less-than-full legislative action. The Administration will interpret such provisions to require notification only, since any other interpretation would contradict the Supreme Court ruling in INS v. Chadha. Additional Administration concerns are contained in the attachment.

Attachment

Attachment
(House)

ADDITIONAL CONCERNS
TREASURY AND GENERAL GOVERNMENT
APPROPRIATIONS BILL
(AS REPORTED BY THE HOUSE COMMITTEE)

General Services Administration

- Policy and Operations. The Administration is concerned that the Committee bill does not include $10 million for "Accessibility for People with Disabilities," which implements section 508 of the Workforce Investment Partnership Act (P.L. 105-220) passed by Congress on August 7, 1998. This reduction would eliminate $8 million to fund a coordinated, inter-agency effort and $2 million for an underwriters laboratory to ensure interoperability and standardization of information technology hardware and software for use by people with disabilities. This initiative would promote and support employment by people with disabilities as envisioned by the Americans with Disabilities Act and ensure that participation by Americans with disabilities will become integral to the digital transformation of American society.

National Archives and Records Administration

- Records Declassification. The Administration objects to the proposed $5 million reduction to the request for the National Archives and Records Administration (NARA) to accelerate the declassification of Federal records. Pursuant to Executive Order 12958, "Classified National Security Information," agencies must review all records 25 years old or older for declassification by April 17, 2000. As the agency responsible for oversight of the Government's entire classification and declassification program and one of the four agencies most heavily involved in records declassification (others include CIA, Defense, and Energy), NARA would use the additional funding to support 50 additional declassification experts as well as to strengthen the Information Security Oversight Office to help it meet this deadline.

Office of National Drug Control Policy

- Funding Priorities. The Administration is concerned about the Committee's funding of the Office of National Drug Control Policy (ONDCP). While aggregate funding exceeds the Administration's request, there are several components that are under-funded. The Committee has decreased funding for policy

research; has cut back the necessary funding for maintaining clearinghouse services; has eliminated funding for performance measures data collection; and, has cut funding by $250,000 to reduce the Office of Legislative Affairs by four FTE. The Administration requests that these cuts be restored.

Morris K. Udall Scholarship Fund

- General Funding. The Administration urges the Committee to restore funding for the Morris K. Udall Scholarship Fund to the requested level. The Scholarship Fund took a one-time reduction last year in order to finance start-up operations for the Udall Foundation's new Institute for Environmental Conflict Resolution. This reduction should be restored in order to continue capitalization of the Scholarship Fund to increase the number of scholarships awarded to promote studies in the natural environment and in Native American health and tribal policy.

Federal Employees Health Benefits Program

- The Administration opposes inclusion of section 514 in the bill, which would extend the one-year moratorium enacted in last year's bill on the application of Cost Accounting Standards (CAS) to experience rated contracts awarded under the FEHBP. The Administration believes that a statutory moratorium is not required as existing law provides for an administrative process that allows the CAS Board to exempt or waive classes or categories of contractors from any or all CAS requirements.

November 2, 1999
(House)

H.R. 2513 - To direct the Administrator of General Services to acquire a building located in Terre Haute, Indiana, and for other purposes
(Pease (R) IN)

The Administration opposes House passage of H.R. 2513. The bill would:

- Compel the General Services Administration (GSA) to accept into its inventory, and fully renovate, a building that has not been reasonably marketed for use by other entities. Further, GSA does not have the Federal tenancy in the Terre Haute community to sustain this building.
- Lead to certain losses in GSA's budget, since the appropriations authorized are not guaranteed and would only cover renovation costs, while GSA would certainly suffer continuing shortfalls in rental income from the building. These losses are particularly likely in light of the bill's requirement that the United States Postal Service, in lieu of payment for the building, receive an option to occupy 8,000 square feet of renovated space rent-free for 20 years.

The Administration appreciates and shares the desire to preserve historical and architectural landmarks such as that currently housing the Terre Haute Post Office, but believes this preservation can and should be done in a financially prudent fashion. GSA believes the Post Office should remain in the Postal Service's inventory while all interested parties, including GSA, continue to survey the market for potential users.

July 27, 1999
(House)

HH.R. 2587 - DISTRICT OF COLUMBIA APPROPRIATIONS BILL, FY 2000
(Sponsors: Young (R), Florida; Istook (R), Oklahoma)

This Statement of Administration Policy provides the Administration's views on the District of Columbia Appropriations Bill, FY 2000, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

While the Administration appreciates the support of the Committee in developing a bill that provides requested funding for the Administration's priorities, and in voting to reduce the list of objectionable restrictions, we continue to strongly oppose several provisions included in the Committee bill that would

seriously undermine local control. The Administration views the following highly objectionable provisions as unwarranted intrusions into the affairs of the District and would support amendments, if offered, to strike these provisions:

- Abortion. The Administration strongly opposes a provision of the Committee bill that would prohibit the use of both Federal and District funds to pay for abortions except in those cases where the life of the mother is endangered or in situations involving rape or incest.
- Domestic Partners Act. The Administration objects to a provision of the bill prohibiting the use of Federal and local funds to implement or enforce the Health Care Benefits Expansion Act of 1992 (the Domestic Partners Act).
- Limit on Attorneys' Fees in Special Education Cases. The Administration strongly objects to a provision of the Committee bill that would cap the award of plaintiffs' attorneys' fees in cases brought against the District of Columbia Public Schools under the Individuals with Disabilities Education Act (IDEA). In the long-run, this provision would be likely to limit the access of the District's poor families to quality legal representation, thus impairing their due process protections provided by the IDEA. We look forward to working with the Congress to address this issue.
- Voting Representation. The Administration opposes a provision of the bill that would prohibit the use of Federal or District funds to provide assistance for petition drives or civil actions that seek to require voting representation in Congress for the District of Columbia.

Resident Tuition Support

The Administration appreciates and strongly supports the Committee's inclusion of funding for a tuition assistance program for District of Columbia residents. We will continue to work closely with members of the authorizing committees on a bipartisan and bicameral basis, and with the Mayor, to determine how best to structure and administer the D.C. tuition assistance program.

Objectionable Amendments

The Administration strongly opposes the four amendments given special protections under the rule or other amendments that are intrusions into District self-government. One of the proposed amendments would prohibit the use of funds to carry out any joint adoption of a child between individuals who are not related by blood or marriage. This Administration is deeply committed to supporting adoptive families and to finding adoptive homes for children in foster care who are unable to return to their own families. The proposed amendment would stand as an unnecessary hindrance to providing children with loving adoptive families and the security, emotional and financial supports that two parents provide. We believe that decisions regarding the adoption of children should be guided by the best interests of the child and the individual circumstances of the case, consistent with State licensing and approval standards that assure the health, safety and well-being of the child.

The Administration appreciates the Committee's action to drop the ban on the use of local and private funds for needle exchange programs and strongly opposes the amendment to restore this restriction. The amendment would be an encroachment on the District's rights.

Reducing teen smoking is a high priority of the Administration; therefore, we support the objective of the amendment related to the possession of tobacco products by minors. However, for the same reasons that Congress has not legislated specific laws for individual States, it would be inappropriate to do so for the District.

The Administration objects to the amendment that would prohibit the District from legislating with respect to substances in a manner that all States are free to do, and would remain free to do, under the amendment.

If such amendments were adopted and included in the bill presented to the President, his senior advisers would recommend that the President veto the bill.

July 27, 1999
(House)

H.R. 2605 - ENERGY AND WATER DEVELOPMENT APPROPRIATIONS BILL, FY 2000
(Sponsors: Young (R), FL; Packard (R), CA)

This Statement of Administration Policy provides the Administration's views on the Energy and Water Development Appropriations Bill, FY 2000, as reported by the House Committee. As the House develops its version of the bill, your consideration of the Administration's views would be appreciated.

The allocation of discretionary resources available to the House under the Congressional Budget Resolution is simply inadequate to make the necessary investments that our citizens need and expect. The President's FY 2000 Budget proposes levels of discretionary spending that meet such needs while conforming to the Bipartisan Budget Agreement by making savings proposals in mandatory and other programs available to help finance this spending. Congress has approved and the President has signed into law nearly $29 billion of such offsets in appropriations legislation since 1995. The Administration urges the Congress to consider such proposals as the FY 2000 appropriations process moves forward.

The Administration appreciates efforts by the Committee to accommodate certain of the President's priorities within its 302(b) allocation. However, the Committee bill is over $1.3 billion below the program level requested by the President and includes significant reductions in a number of high priority programs. The Administration strongly opposes reductions in priority programs discussed in more detail below.

In addition, the Committee has included anti-environmental riders concerning wetlands. These provisions have never been subject to appropriate public review and debate before the authorizing committees with jurisdiction over the Clean Water Act. As discussed below, these riders undermine the President's initiative to strengthen protection of wetlands and reduce risks of flood to our communities. Were the bill to be presented to the President containing these riders, his senior advisers would recommend that he veto the bill.

Objectionable Wetlands Riders

The Administration strongly objects to a provision that would short-circuit the review process for wetlands permits by making the review of initial jurisdictional determinations appealable to the Federal courts prior to a final permit decision. Although the Administration supports the creation of an administrative review process for these initial determinations, the bill would generate unnecessary and premature litigation, set back efforts to ensure a fair and amicable resolution of potential disputes, involve the Federal courts prior to the availability of a full administrative record, and undermine the ability of citizens and communities to participate on an equal footing in the permit process.

In addition, the bill threatens excessive wetlands losses by delaying the termination and replacement of Nationwide Permit 26. The bill would require an unnecessary study of the workload and cost effects of the proposed replacements for the current Nationwide Permit 26 and would substantially delay promulgation and implementation of the replacements until such a study is completed. Implementation of the new nationwide permits is a high priority for the Administration because these permits will put into effect the special protections for flood plains, impaired waters, and pristine waters announced by President Clinton on October 7, 1998. These changes are essential to meeting the goals Congress established in the Clean Water Act for restoring water quality and reducing the loss of the Nation's wetlands. Delays in the implementation of the replacement permits would place the regulatory program at substantial risk of litigation and would result in increased flooding, degradation of water quality, and the loss of fish and wildlife habitat. The workload increases that result from improving the nationwide permit program will be manageable.

The Administration strongly supports an amendment expected to be offered to strike the objectionable riders. The Administration also understands that an amendment may be offered providing that the required report be submitted to Congress no less than thirty days prior to final publication of the replacement nationwide permits. The Administration opposes such an amendment because it would not address the Administration's concerns with the bill's study and reporting requirements. Moreover, it would increase the loss of wetlands by delaying issuance of the replacement nationwide permits for up to an additional thirty days.

Department of Energy

The Committee mark includes detrimental reductions to a number of programs in the Department of Energy (DOE). Specific cuts include:

- Weapons Activities. The Committee provides $4.0 billion for Weapons Activities, a reduction of $525 million, or 12 percent, from the request. Within this overall reduction, the Administration strongly objects to the $147 million cut to the $1.635 billion request for Core Stockpile Stewardship at the nuclear weapons

laboratories. This reduction would most heavily affect the Advanced Strategic Computing Initiative (ASCI) and related computing activities. ASCI is the key element to achieving the goal of replacing reliance on underground testing with computer simulations as a means for assuring the safety and reliability of the nuclear weapons stockpile. In addition, the Administration strongly objects to the $38 million, or 73 percent, reduction to the $52 million request for technology transfer and education activities, and the $303 million in across-the-board reductions to this account (described later) through the use of prior-year balances, cuts in Laboratory Directed Research and Development (LDRD) funds, and additional reductions to contractor travel expenses.

- Solar and Renewable Energy. The severe cuts made by the Committee to the Solar and Renewable Energy budget represent reductions of $120 million below the President's FY 2000 request and $57 million below the FY 1999 enacted level. The Committee has justified these reductions by claiming that these programs do not provide value to the public, yet the Committee acknowledges that previous funding for this research has reduced costs for renewable energy sources such as wind and photovoltaics by 85 percent or more. We do not agree with the Committee that because much progress has been made in areas such as wind and geothermal energy, these technologies can be considered to be mature, and funding should therefore be reduced. Full funding at the requested level in these areas will reap significant additional benefits for the public.

  In addition, the Committee bill includes a rider prohibiting implementation of the Kyoto Protocol. The Administration opposes the inclusion of this unnecessary provision because we do not intend to implement the Protocol before Senate ratification and do not believe that any current activities would be encompassed by this rider.
- Spallation Neutron Source (SNS). The Administration strongly opposes the $146 million reduction in construction funding for the SNS. When completed, the SNS will provide a revolutionary tool for use in the materials and medical sciences. The Department has recently installed a strong management team that has produced a solid cost and schedule baseline for the project. However, the Committee funding level would require significant restructuring of the baseline, contribute to lengthy delays in construction, and ultimately increase the total project cost.
- Information Technology for the 21st Century and the Next Generation Internet (NGI) Initiatives. The Administration strongly objects to the Committee's shortsighted decision not to provide funding for these initiatives that seek to advance the field of information science and contribute to the strength and health of the private-sector information economy. Further, the Committee action would halt ongoing work on network testbeds begun with NGI funding provided in FY 1999.
- Yucca Mountain. The Administration strongly opposes the reduction of $128 million from the civilian radioactive waste management program. This reduction of nearly one-third from the request level would significantly delay the schedule for DOE's FY 2001 site-suitability determination for Yucca Mountain and the FY 2002 submission of the license application to the Nuclear Regulatory Commission. If the site is found to be suitable, the delays resulting from this reduction would significantly jeopardize the planned opening date for the repository and the long-term prospects for nuclear power in the United States.
- Environmental Management. The Administration opposes the severe, $340 million reduction to the Defense Environmental Restoration and Waste Management account. Of particular concern is the $105 million reduction for long-term cleanup projects within the Post 2006 Completion activity. This account funds many of DOE's most difficult cleanup challenges, including protecting the Columbia River in Washington, safeguarding the drinking water quality of the Snake River Plain Aquifer in Idaho, and stabilizing nuclear materials and high-level waste at the Savannah River site in South Carolina. The Committee's funding reduction would substantially decrease DOE's ability to make radioactive waste shipments to the Waste Isolation Pilot Plant and jeopardize DOE's cleanup commitments at all program sites, which are intended to protect the health and safety of workers, the public, and the environment.
- Other Defense Activities. The Administration objects to cuts of $39 million to key arms control programs and $19 million to programs to improve the safety of Soviet-designed nuclear reactors. Most objectionable is the near elimination of the Nuclear Cities Program, for which the Committee provides only $1.5 million of the $30 million request.
- Departmental Administration. The Administration supports some of the Committee's modifications in the Departmental Administration account, but is still concerned about steps to eliminate funding for field management activities and the funding level for other activities in the policy and international affairs offices.

We are concerned about the funding delay conditioned on enacting legislation to restructure the Department's national security programs. This provision would create administrative difficulties that could lead to program delays and impose an artificial deadline that could complicate resolution of the complex issues associated with restructuring these programs.

The Administration is also concerned about provisions in the bill that limit the Power Marketing Administrations' ability to do work for other utilities or Federal or State agencies. These provisions could prohibit the PMAs from carrying out interconnection mandates of FERC's open access Order Numbers 888 and 889 and limit their ability to ensure that interconnections requested by these entities meet Federal design standards and safety requirements.

The discretionary allocation available to the House is clearly inadequate to fund many priority programs within the Department of Energy. To meet this target, the Committee has chosen to use several unrealistic, across-the-board reductions, including:

- Use of Prior-Year Balances. The Committee has rationalized reductions of $342 million to three defense-related accounts (Weapons Activities, Defense Environmental Restoration and Waste Management, and Other Defense Activities) by directing the Department to use prior-year balances. However, the Committee does not present any analysis to indicate that such balances are uncommitted. We can only assume that these reductions are merely general reductions to these accounts.
- Laboratory Directed Research and Development (LDRD). The Committee has specifically reduced funding for four accounts by $190 million and claimed overall savings of $273 million by eliminating all LDRD funds. LDRD is one of the laboratories' most valuable sources of seed money used to finance the exploration of promising new technologies. The Administration believes that it would be extremely shortsighted to eliminate this source of funding for potential scientific breakthroughs.
- Contractor Travel. The Committee has reduced DOE contractor travel by 50 percent, or $125 million. While the Administration agrees that DOE contractor travel in recent years has been excessive, the Department has already put prudent reforms in place to reduce contractor travel cost by nearly 20 percent in FY 2000. An increase in this reduction, from 20 percent to 50 percent, would cripple the ability of the DOE labs to do their work and would impede defense-related work and scientific advances by precluding travel to scientific and other facilities.

Army Corps of Engineers

While the Administration is pleased that the Committee has provided the full $117 million requested for the Regulatory Program, we strongly object to several provisions in the bill.

The Administration is concerned about the Committee's $283 million increase to the President's request for the Army Corps of Engineers. Despite this unrequested increase in funding, cuts in certain critical construction projects have been made that would result in significant delays. Of particular concern are reductions to the request for the Columbia River Fish Mitigation project, the Everglades restoration (FL), the Kill Van Kull and Newark Bay Channel (NY, NJ) project, elimination of funding for Devils Lake (ND) and the Cheyenne River Sioux Tribe program (SD). Funds to restore these projects to the requested levels would be available from funding in the bill for unrequested new construction starts and other add-ons. In addition, the Administration opposes the Committee's prohibitions (contained in the House Committee Report) against studying drawdown of the John Day and McNary dams. These prohibitions could hamper the objective analysis necessary to formulate Columbia and Snake River salmon recovery plans.

The Administration appreciates efforts by the Committee to derive funding for commercial harbor maintenance from the Harbor Maintenance Trust Fund (if funds are to be provided under the current authorization). We urge Congress to enact the Administration's Harbor Services Fund proposal, which would provide a stable source of funding for port and harbor activities and free up funds for priority projects and programs.

Bureau of Reclamation

The Administration appreciates the Committee mark, which provides full funding for the Central Valley Project Restoration Fund and substantial funding for the California Bay-Delta Restoration program. This funding is important to Federal and State efforts to restore the Bay-Delta ecosystem and to efforts to mitigate impacts of the Central Valley Project. However, we are disappointed that the Committee has not approved the Administration's proposal to convert the Restoration program from discretionary to permanent funding to improve its operating efficiency and effectiveness.

The Administration is also concerned with the $48 million reduction to the Water and Related Resources program. This reduction would significantly affect the Bureau of Reclamation's ability to operate its water supply projects throughout the West while complying with relevant Federal laws. In particular, we are concerned about elimination of funding for Central Valley Project additions, replacements, and extraordinary maintenance, as well as reductions to the Lower Colorado River Operations Program. The eight-percent funding reduction to the Bureau's Policy and

Administration activities would hinder its ability to administer important Reclamation-wide activities, such as implementation of the Government Performance and Results Act. We urge the House to restore these funds.

Tennessee Valley Authority

The Administration urges the House to provide the $7 million requested for the Tennessee Valley Authority (TVA) to manage the Land Between The Lakes National Recreation Area (LBL). Under provisions in P.L. 105-277, the FY 1999 Omnibus Consolidated and Emergency Supplemental Appropriations Act, management of LBL would transfer from TVA to the Forest Service if there is less than $6 million of TVA appropriations for the LBL. The Administration strongly opposes the needless, costly, and disruptive transfer of these activities.

Appalachian Regional Commission

The Administration believes that the $66.4 million request is the appropriate funding level to meet the needs of the Appalachian Region Commission and urges the House to restore full funding.

July 29, 1999
(House)

H.R. 2606 - FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATION BILL, FY 2000
(Sponsor: Young (R) Florida; Callahan (R) Alabama)

This Statement of Administration Policy provides the Administration's views on the Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 2000, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The allocation of discretionary resources available to the House under the Congressional Budget Resolution is insufficient to make the necessary investments that our citizens need and expect. The President's FY 2000 Budget proposes levels of discretionary spending that meet such needs while conforming to the Bipartisan Budget Agreement by making savings proposals in mandatory and other programs available to help finance this spending. Congress has approved and the President has signed into law nearly $29 billion of such offsets in appropriations legislation since 1995. The Administration urges the Congress to consider such proposals as the FY 2000 appropriations process moves forward.

As a result of the inadequate 302(b) allocation for Foreign Operations, the bill reported by the Committee on July 20th is $1.9 billion, or 14 percent, below the program level requested by the President. Funding at this level would seriously impair the President's ability to conduct an effective foreign policy.

The Administration appreciates the efforts of the Committee to accommodate certain of the President's priorities within its 302(b) allocation, as well as the Committee's strong support for limiting the number of provisions in language that restrict and earmark the use of funds. Nonetheless, the allocation available for Foreign Operations for FY 2000 is substantially below the level requested by the President. The funding level provided by the Committee, therefore, would prevent the President from confronting or dealing effectively with new challenges and is inadequate to maintain America's leadership around the world. It would inevitably require reductions from previously enacted levels for programs managed by the Departments of State and the Treasury, the Agency for International Development, and others.

If the Congress were to enact a bill that does not resolve the significant funding shortfalls in the Committee-reported bill, the President's senior advisers recommend that he veto the bill.

The rule approved by the House on July 27th makes in order three amendments related to international family planning programs:

- The Administration strongly opposes the Smith amendment which would prohibit the U.S. Government from providing funds to foreign non-governmental organizations if these organizations use any of their own funding from non-U.S. Government sources for abortion-related services or advocacy. The Administration continues to oppose these restrictions, which would deny funding to the most experienced and qualified family planning and maternal and child health care providers. In prior years, the Administration has made clear that the President would veto the bill if it contained the "Mexico City" language. The President took such action in 1998 when he vetoed the State Department authorization bill. Should the Smith Amendment be included in the final bill presented to the President, the President would veto the bill.

- The Administration strongly supports the Greenwood amendment. This amendment bars population planning activities that are illegal in the recipient's country, but allows the organization's own funds to be used for legal activities. It provides that advocacy activities in opposition to coercive abortion or involuntary sterilization would not be grounds for disqualification of U.S. funds. The amendment also makes clear that organizations receiving U.S. funds for family planning services must certify that they will use those funds to reduce the incidence of abortion and reiterates the ban on the use of U.S. funds to perform or lobby for abortions.
- The Administration also strongly opposes the Pitts amendment, which would prohibit the use of Child Survival account funds for child spacing assistance. Child spacing plays a critical and integral role in Child Survival-funded programs aimed at saving the lives of children and their mothers, and this amendment therefore would undermine these critical maternal and child health programs.

Detailed comments on the Committee-reported bill are provided in the attachment.
Attachment

Attachment
(House)

ADDITIONAL CONCERNS
H.R. 2606 FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS BILL, FY 2000
(AS REPORTED BY THE HOUSE APPROPRIATIONS COMMITTEE)

- Multilateral Development Banks (MDBs). The Administration's request, excluding arrears payments, is 40 percent below the scheduled payments sought for the MDBs in the mid-1990s. The Committee's decision to reduce funding for the MDBs by $493 million amounts to a 35-percent reduction to the President's request. This severe cut, and the lack of any funding for arrearage payments, would erode much of the progress made in the FY 1998 and FY 1999 appropriations bills in meeting the past-due and continued obligations of the United States to these institutions, and in strengthening our ability to get approval of important institutional reforms. In particular, the Administration is disappointed with the Committee's decision to cut a further $200 million from the International Development Association (IDA). All of IDA resources go to countries whose people earn less than $3 per day - 50 percent of IDA commitments are directed towards the poorest countries in Sub-Saharan Africa. This reduction would undercut congressional efforts to address the humanitarian and development needs of the continent, and, in particular, undercut the intent of the recently-passed African Growth and Opportunity Act.

  The lack of any funding for the African Development Bank, the Inter-American Investment Corporation, the Multilateral Investment Fund, the Multilateral Investment Guarantee Agency, and the Community Adjustment and Investment Program (part of the North American Development Bank) -- combined with the drastic cuts in the Global Environment Facility and the Asian Development Fund -- would call into serious question the willingness of other donors to continue their support for these critical institutions at the very point when their support for environmental and economic development is most needed.
- Independent States of the Former Soviet Union. The Administration continues to place a high priority on our relations with this region and appreciates the Committee's ongoing efforts to reduce earmarks and restrictions on our assistance to this region. Reducing such restrictions enables the Administration to target assistance to maximize its effectiveness, especially in working with pro-reform governments and non-governmental democratic forces and the private sector. The Administration praises the Committee for its removal of restrictions on aid to local governments in Russia, although we are concerned by the removal of Presidential waiver authority for these restrictions.

  The overall funding provided by the Committee, $725 million, is not only below the requested $1,032 million but is also $122 million below the FY 1999 level. The Administration believes that the economic problems in Russia and the rest of the Independent States, which have created hardships for millions of people and heightened the risk of proliferation of weapons of mass destruction and related expertise, call for increased rather than decreased efforts. A reduction of the magnitude contained in the Committee mark would place threat reduction programs that are in our immediate national security interests in competition with programs that will help secure our long-term interests in the region, such as support for small businesses in the regional initiatives, exchange programs designed to develop a new generation of pro-

reform leaders, and institutional partnerships. The Administration understands that an amendment may be offered that would prohibit any support for these critical threat reduction programs. The Administration opposes any such amendment.

- Kosovo and the Balkans. The Administration appreciates the Committee's provision of the full request for Assistance to Eastern Europe and the Baltic States. Nonetheless, as the crisis in Kosovo has demonstrated, there is clearly a need for additional funds to support Kosovo operations and, indeed, enhancements to various programs throughout the Balkan region. We are now working with the Departments of Defense and State and other agencies to determine current estimates for peacekeeping and for peace implementation, including additional humanitarian needs, such as refugee programs, beyond the original request. The President will submit an additional FY 2000 funding request to the Congress.
- Korean Peninsula Energy Development Organization (KEDO). The Administration strongly objects to the bill's provisions limiting the amount of the U.S. contribution to KEDO. The cut of $20 million, or 36 percent, in funding could prevent the United States from fulfilling its commitments under the Agreed Framework to provide heavy fuel oil to North Korea and could damage our nonproliferation policy on the Korean Peninsula. In addition, the bill introduces new Presidential certifications that go well beyond what has been required in the past and could make it extremely difficult to carry out our commitments. Finally, the prohibition on the President's ability to exercise his special authorities to provide additional funding for KEDO, should he deem it to be in the national interest, is unwise.
- Wye River and Middle Eastern Assistance. The Administration welcomes the Committee's provision of the entire FY 2000 request for additional assistance for Jordan. The bill does not, however, provide $400 million of the funds requested by the President for FY 2000 to support the Wye River Agreement, nor does it provide $800 million of the funds requested as an FY 1999 supplemental appropriation for this purpose. Given the renewed dedication of all sides to the peace process, the Administration hopes to work with Congress to provide this funding to support and strengthen the peace process and to move toward a permanent agreement.

  The Administration continues to welcome the Committee's efforts to ramp down traditional levels of assistance to countries in the Middle East. However, the Administration is disappointed at the Committee's failure to accept our specific proposal for a gradual reduction in aid to Israel and Egypt and with its decision not to incorporate the provision of an Interest Bearing Account for a portion of Egypt's Foreign Military Financing (FMF). The Administration will work with the Congress on the scoring implications of this proposal.
- Economic Support Fund (ESF). The reduction of over $140 million to the President's request for non-Wye River ESF would effectively remove any ability that the President has to respond to a host of threats and new crises around the world. These cuts would force the reduction of programs intended to increase political stability and democratization in Africa; support democracy efforts in Guatemala, Peru, and Ecuador; and, bolster democratic reform and economic recovery in Asia.
- Debt Reduction. The cut of almost three-fourths to the President's request for debt reduction programs, from $120 million to $33 million, would cripple our ability to fund the bipartisan debt for environment program that was enacted by the Congress last year and would damage our ability to contribute to the Trust Fund for the Highly Indebted Poor Countries, which is an essential component of current debt reduction programs as well as of the historic debt initiative agreed to in Cologne. This initiative has received broad support from governments, multilateral institutions, religious groups, and individuals worldwide.
- Peacekeeping Operations. The Committee's $53.5 million, or 41 percent, cut to the President's request for voluntary peacekeeping operations would decrease funds available for Organization for Security and Cooperation in Europe (OSCE) missions in Bosnia, Croatia, and Kosovo; reduce assistance for the African Crisis Response Initiative; and, diminish our ability to respond to unforeseen conflict and crises.
- Nonproliferation, Anti-terrorism, Demining, and Related Programs. The Committee has cut these programs by $49 million, or 21 percent, from the President's request. In addition to the reduction for KEDO discussed separately, the request for export control assistance would be cut by two-thirds (from $15 million to $5 million). This would greatly slow our efforts to assist the NIS and other regions to develop tighter controls to prevent nuclear smuggling.
- United Nations Population Fund. The Administration is strongly committed to population and reproductive health programs and to the United Nations Population Fund (UNFPA). The Administration appreciates the Committee's recognition that it would be counterproductive to prohibit funding for UNFPA, which provides voluntary family planning and other services to over 160 countries, because of its operations in China. We are concerned, however, that the mark for International Organizations and Programs would not

be sufficient to allow for an adequate contribution for UNFPA programs that save lives and promote healthy families.

- U.S. Agency for International Development (USAID). The Administration is concerned about the Committee's drastic cut in Development Assistance. A $111 million reduction below the request, or $12 million below the FY 1999 enacted level, would threaten USAID's ability to implement such programs as the Africa Education Initiative and the Food Security Initiative, and would limit the Agency's ability to address the financial crisis in Asia, as well as to address follow-up needs from the recent natural disasters in Central America. The bill also fails to include language that would permit assistance to customs officials and offices. The Administration requested this language to encourage the free flow of commerce within regions in sub-Saharan Africa and Latin America, thereby supporting private sector development in those regions.

  The Administration greatly appreciates the Committee's full funding of the Child Survival and Disease Programs request. However, within this amount, the Administration is concerned that full funding of $10 million has not been provided for the Administrations's "School Works" initiative. This initiative addresses the critical issue of child labor in developing countries, a concern the Congress shares, and we urge the Committee to fully fund this program. We also note that the recently-transmitted, fully offset budget amendment to provide an additional $100 million for the fight against global AIDS included an additional $45 million for this account. We urge the Committee to provide these critically-needed additional resources.

  The Administration is deeply concerned that the $480 million funding level for USAID's operating expenses is inadequate to meet the operational demands on USAID. The Committee acknowledges the transfer of the security function from the Inspector General's (IG's) office and has reduced funding for the IG accordingly but provides no increase to cover this additional $7.7 million cost in this account. Even if increased to cover these security requirements, the Committee's recommended operating expense level would require a reduced workforce level inconsistent with USAID's responsibility for proper oversight of the program levels that the Committee has provided. The Committee's funding level would also make it impossible for USAID to complete needed replacement of its financial management systems or to begin the significant security improvements, including temporary and permanent relocations of USAID missions, that are required to respond to the increased threats that U.S. personnel face around the world.

  The bill does not contain the Administration's request for Voluntary Separation Incentives for employees of USAID (buyout authority). This buyout authority is vital to allow USAID to continue to reduce its employment levels in Washington. The Administration is also concerned that the Committee has not approved the requested authority for USAID to create a Working Capital Fund similar to those already available to the Department of State and other agencies. It is important that USAID be provided the means to capture the costs of becoming a service provider to other agencies under the ICASS system, and therefore encourage competition among agencies to provide the lowest-cost and most efficient services.

  The Administration is concerned that its request for reinstatement of the Development Fund for Africa (DFA) is not included in the bill. Funding provided under the DFA affords needed stability to respond to development opportunities in Africa, as well as to complex crises on a fragile continent, and maintains our strong commitment to an Africa in transition. There are insufficient resources within the Development Assistance account to address such needs.

  The Administration is disappointed that the Committee has not approved transfer authority for the Development Credit Authority. USAID's recent implementation of a credit management outsourcing contract and other credit management improvements justifies continued funding of this innovative and improved credit mechanism. We are also disappointed that the Committee has not provided subsidy budget authority for the Urban Environment Credit program.

- Peace Corps. The Administration appreciates the Committee's efforts to support the Peace Corps within tight budget constraints. However, the Administration is very concerned that the Committee's funding level of $240 million falls short of the amount necessary for the Peace Corps to continue to promote grass-roots development and strengthen the ties of cross-cultural understanding between Americans and the people of over 70 countries. This $30 million, or 11 percent, reduction to the President's request for the Peace Corps would force the agency to reduce the number of volunteers currently serving overseas and to consider closing additional country programs. It would also prevent implementation of the bipartisan initiative to field 10,000 volunteers in the new century. Earlier this year, both the House and Senate passed an authorization bill with bipartisan support that would enable the Peace Corps to send 10,000 volunteers overseas.

- Export and Investment Financing. The Administration appreciates the Committee's effort to fund the requested increase in the Export-Import Bank's administrative budget. However, we note the Committee's reduction in the Export-Import Bank's subsidy budget -- $80 million below the request and $6 million below the FY 1999 enacted level. The requested increase is an important part of the President's manufactured exports initiative. The Committee's reduction would reduce the financing available to United States exporters that are attempting to continue to export during the ongoing economic downturn in Asia and much of the rest of the developing world. Because exports have been such a critical component of job creation in the United States, this cut could have a negative impact on job growth.
  The Administration is also very concerned about the reduction to the President's request for the Trade and Development Agency (TDA). As with the Export-Import Bank, the requested increase for TDA is an integral part of the President's export initiative, and the Committee bill would significantly reduce TDA's ability to fund feasibility studies that help U.S. exporters take advantage of potential market opportunities.
  The Administration appreciates the Committee's full funding of the administrative budget for the Overseas Private Investment Corporation (OPIC). We are concerned, however, by the Committee's reduction of $3.5 million to the request for OPIC's subsidy. The Administration had already reduced the request by over 50 percent from the FY 1999 enacted level, and a further cut would make it difficult for OPIC to meet the needs of investors, including small businesses, who rely on OPIC financing in important markets such as Africa, the Caribbean, and Central America. Likewise, we are concerned about language that would allow OPIC to use appropriated funds to engage in direct equity investments. While OPIC has had the authority to make such direct equity investments for a number of years, the Congress has never provided funding for this authority. The Administration believes that this proposal has important budgetary and policy consequences that have not been fully reviewed. For that reason, the Administration cannot support the language allowing OPIC such authority until it has had a chance to consider this proposal thoroughly in further consultation with Congress.
  The Administration would strongly oppose possible amendments that would preclude OPIC from offering new loan guarantees. Such guarantees are important to the promotion of US business opportunities in developing markets around the world. Precluding these guarantees would harm the mutually beneficial relationship between American business and the developing foreign private sectors in Africa, the Caribbean, Central America and elsewhere.
- Migration and Refugee Assistance (MRA). The Committee's $20 million reduction to the President's request for MRA could require a reduction in annual refugee admissions and would not provide adequate resources for an initiative to address programming shortfalls in Africa necessary to provide life-saving, minimum international standards of assistance in key sectors (including nutrition, shelter, medicine, sanitation, and protection). Such reductions in assistance to refugees in Africa and elsewhere at the very time huge resources are going into Kosovo could create serious political and equity issues.
- Inter-American Foundation. The Administration strongly opposes the cut of over $17 million to the request for the Inter-American Foundation. This reduction, which would cut funding by 75 percent of the FY 1999 enacted level, would completely debilitate the Foundation, making it impossible to continue its important work of supporting innovative development initiatives and U.S. corporate social investments in Latin America and the Caribbean. The Administration recognizes the need for changes to enhance the Foundation's internal oversight procedures and project monitoring, but significant progress has been made to date, and the Administration is committed to ensuring further improvements are made.
- African Development Foundation (ADF). The Administration commends the Committee for fully funding the request for ADF, and for recognizing the significant management and programmatic improvements that this small but important agency has implemented during the past year.
- Treasury International Affairs Technical Assistance. The Administration is concerned that the Committee has provided only $1.5 million of the $8.5 million requested for the Department of Treasury's International Affairs Technical Assistance program. These resources are necessary to fund the Department's plan to provide technical assistance to Ministries of Finance and Central Banks that are attempting to implement fiscal and financial reforms in Africa, Asia, and Latin America.
- Kyoto Protocol Restriction. The Committee has included language in the General Provisions that would prohibit the Administration from proposing or issuing rules to implement the Kyoto Protocol. This is an unnecessary restriction because the Administration has stated that it does not intend to implement the Protocol on global climate change until it has been ratified by the Senate.
- Additional General Provisions Language Concerns. Section 514(a) (Surplus Commodities) and section 566(b) (Sanctuary to Indicted War Criminals -- Multilateral Assistance) purport to direct the Executive to

take particular positions in international organizations. When construed as mandates, these provisions would encroach on the President's sole constitutional authority to control negotiations. If unchanged, this language would be construed as precatory.

- Amendment on the Baku-Ceyhan pipeline. The Administration understands that an amendment may be offered that would prohibit any U.S. Government support for financing the Baku, Azerbaijan-Ceyhan, Turkey pipeline in the Caspian Basin unless a final peace agreement was reached between Armenia and Azerbaijan on the Nagorno Karabakh region. The Administration would strongly oppose such an amendment, which would undercut U.S. energy policy, cripple U.S. efforts to provide Caspian countries with a credible economic development path linked to the west, encourage regional exporters to build export pipelines through Iran, and disadvantage U.S. businesses competing for millions of dollars in exports. It would hinder, rather than help, U.S. efforts to achieve a just peace in the region and improve Turkish-Armenian relations.

August 4, 1999
(House)

H.R. 2670 - DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 2000

Sponsors: Young (R), Florida; Rogers (R), Kentucky

This Statement of Administration policy provides the Administration's views on the Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 2000, as approved by the House Committee. Your consideration of the Administration's views would be appreciated.

The Administration appreciates the Committee's efforts to accommodate some of the Administration's priorities within its 302(b) allocation. However, the inadequacy of the 302(b) allocation has forced the Committee to make choices that are simply unacceptable.

The President's FY 2000 Budget proposes levels of discretionary spending that meet important national needs while conforming to the Bipartisan Budget Agreement by making savings proposals in mandatory and other programs available to help finance vital spending needs. Congress has approved and the President has signed into law nearly $29 billion of such offsets in appropriations legislation since 1995. The Administration urges the Congress to consider more of such proposals as the FY 2000 appropriations process moves forward.

In total, the Committee bill does not include the resources necessary to support high priority programs at an acceptable level. The bill would jeopardize critical activities and initiatives in a number of areas, including:

- 21st Century Policing Initiative/Community Oriented Policing Services (COPS). The Committee does not fund the President's 21st Century Policing Initiative, which would enable local police Departments to hire up to 50,000 additional community police officers, hire new community prosecutors, and expand community-based prevention efforts.
- Legal Services Corporation. The Committee funding level for the Legal Services Corporation is unacceptable and would severely cripple the program. Such a low funding level would call into question the Federal Government's commitment to ensuring that all Americans, regardless of income, have access to the judicial system.
- Civil Rights Enforcement. Inadequate funding by the Committee would: undermine the ability of the Equal Employment Opportunity Commission to reduce the backlog of employment discrimination complaints and not fund the new Equal Pay Intiative; reduce the ability of DOJ's Civil Rights Division to expand investigations and prosecutions of hate crimes, fair housing, Americans with Disabilities Act and other cases; and, reduce resources for the U.S. Commission on Civil Rights.
- International Affairs Programs. The Committee underfunds activities to support the ongoing conduct of effective diplomacy, and does not fully fund payments to international organizations necessary to ensure U.S. leadership in international affairs.
- Anti-Drug Programs. No funding is provided for the Drug Intervention Program, which would help States and localities implement tough new systems to drug test, treat, and punish drug offenders, and funding is reduced from the request for the highly successful Drug Courts program.

- Terrorism/Cybercrime. Inadequate resources are provided to protect against chemical and biological weapons and for other counterterrorism activities and for the National Infrastructure Protection and Computer Intrusion program.
- Brady Handgun National Instant Check System. The bill would prohibit the establishment of a fee to fund the Brady Handgun National Instant Check System (NICS).
- Tobacco Litigation. The Committee has not provided the direct appropriations requested for tobacco litigation, which the Department plans to bring to recover money on behalf of the American people.
- Environmental Initiatives. Inadequate funding is provided for the President's Lands Legacy Initiative, Pacific coastal salmon recovery efforts, the Pacific Salmon Treaty, and other programs.
- Advanced Technology and Small Business Programs. The Advanced Technology Program is terminated. The Small Business Administration's new markets initiative is not funded and deep cuts in other programs will undermine SBA's ability to serve small businesses across the Nation.

In addition, the Committee bill includes a number of objectionable language provisions. We urge the House to strike these provisions.

If the bill were presented to the President in its current form, the President's senior advisers would recommend that he veto the bill.

September 8, 1999
(House Floor)

H.R. 2684 -- DEPARTMENT OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 2000

(Sponsors: Young (R), Florida; Walsh (R), New York)

This Statement of Administration Policy provides the Administration's views on the Veterans, Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 2000, as approved by the House Committee. Your consideration of the Administration's views would be appreciated.

The allocation of discretionary resources available to the House under the Congressional Budget Resolution is simply inadequate to make the necessary investments that our citizens need and expect. The President's FY 2000 Budget proposes levels of discretionary spending that meet such needs while conforming to the Bipartisan Budget Agreement by making savings proposals in mandatory and other programs available to help finance this spending. Congress has approved and the President has signed into law nearly $29 billion of such offsets in appropriations legislation since 1995. The Administration urges the Congress to consider such proposals as the FY 2000 appropriations process moves forward.

The Administration appreciates efforts by the Committee to accommodate certain of the President's priorities within its 302(b) allocation. However, the Committee bill is $2.2 billion below the program level requested. In order to meet this allocation, the Committee has eliminated the Corporation for National and Community Service as well as made deep cuts to the National Aeronautics and Space Administration, the Department of Housing and Urban Development, the Environmental Protection Agency's Operating Program, the National Science Foundation, the Federal Emergency Management Agency, the Selective Service System, and other Administration priorities.

The Administration strongly opposes the Committee's action to terminate the Corporation for National and Community Service. Eliminating funding for the Corporation would deny over 1.4 million young Americans the opportunity to provide vital community services and become better citizens as participants in the Corporation's AmeriCorps (66,000 participants) and Learn and Serve (1.4 million participants) programs. If the final bill presented to the President were to provide inadequate funding for the Corporation for National and Community Service, his senior advisers would recommend that the President veto the bill.

The Committee bill would adversely affect the environment and natural resources, undermine investments in our future through science and technology, limit our ability to help families struggling to work their way out of poverty to find affordable housing, inadequately fund the Corporation for National and Community Service, and adversely affect our ability to fund unforeseen disasters properly. The Committee bill also includes objectionable language provisions. The Administration urges the House to strike these provisions and to keep the bill free of additional

riders. For these reasons, if the bill were presented to the President in its current form, the President's senior advisers would recommend that he veto the bill.
The Committee has approved a $4 billion reduction in the 302(b) allocation for the Labor/HHS/Education appropriations bill in order to reallocate funds to the VA/HUD/Independent Agencies and other appropriations bills. Such an action is irresponsible and underscores the fact that the broader budget plan that the Appropriations Committees are being forced to operate under is simply unworkable.
The attachment provides a discussion of our specific concerns with the Committee bill. We look forward to working with the House to address our mutual concerns.

November 16, 1999
(House)

H.R. 2818 - Mosquito Creek Lake Drilling Prohibition Act
(Rep. Traficant (D) Ohio)

The Administration opposes H.R. 2818. The bill would prohibit all oil and gas drilling from under Mosquito Creek Lake in Trumbull County, Ohio, notwithstanding mitigation measures that would be implemented and which the Department of the Interior believes would ensure the environmental integrity of this project.
The development of federal mineral resources may be appropriate where mitigation measures can ensure the environmental integrity of federal lands. Interior has determined that oil and gas resources located under the lake can be developed through directional or "slant" drilling from adjacent private lands on which oil and gas drilling is already taking place. Interior has also determined that the surface and other subsurface resources can be protected through various mitigation measures -- including timing restrictions, baseline water quality testing requirements, setbacks from special status species habitat, and noise abatement requirements -- that have been successfully implemented at similar Corps projects in Illinois and Ohio. To ban all drilling from underneath the lake would ignore the balance between environmental integrity and resource development that can be achieved on this project.

October 6, 1999
(House)

H.R. 2990 - Quality Care for the Uninsured Act
(Rep. Talent (R) MO)

The Administration strongly opposes House passage of H.R. 2990, legislation explicitly designed to interfere with the passage of a free-standing Norwood-Dingell Patients' Bill of Rights. This legislation is completely unfunded and would therefore spend the social security surplus. The spending of the surplus would have virtually no impact in expanding coverage to the uninsured. If H.R. 2990 were presented to the President, his senior advisers would recommend that he veto the bill.
Although we look forward to continuing to work with the Congress on a bipartisan basis to increase access to health insurance coverage, H.R. 2990 is not the answer. While H.R. 2990 contains certain provisions that the Administration supports, such as a 100 percent deduction for health insurance premiums for the self-employed, it also includes numerous controversial provisions, such as expanding the availability of Medical Savings Accounts and association health plans, that independent health policy analysts fear would do more to segregate the healthy from the unhealthy than to cover the uninsured. In fact, preliminary analysis indicates that the bill's costs would lead to a coverage expansion of less than one percent of the currently uninsured. These provisions are unrelated to the purposes of the Patients' Bill of Rights, and would further undermine the chances for a bipartisan agreement on meaningful legislation to provide all Americans the health care protections they need and deserve.
In addition, the Administration is seriously concerned that H.R. 2990 fails to include adequate offsets for the bill's significant pay-as-you-go costs. Failure to provide adequate offsets for these costs is likely to force spending of surplus dollars that should go to Social Security and Medicare.
Pay-As-You-Go Scoring
H.R. 2990 would affect receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus

Budget Reconciliation Act of 1990. OMB's scoring of H.R. 2990 is under development. Preliminary estimates based on scoring of similar provisions indicate that H.R. 2990 would result in paygo costs of more than $50 billion over 10 years.

April 15, 1999
(House)

H.J.Res. 37 - Constitutional Amendment Requiring Two-Thirds Votes on Certain Tax Measures (Barton (R) TX and 166 cosponsors)

The Administration strongly opposes a constitutional amendment requiring a two-thirds super-majority vote to raise revenues.

The Nation's 200 year-old constitutional system, with its strong emphasis on majority rule, should not be altered or amended for symbolic or political purposes. James Madison, in The Federalist Papers (No. 58), argued against requiring super-majorities for routine legislative business, stating "the fundamental principle of free government would be reversed. It would be no longer the majority that would rule: the power would be transferred to the minority."

In practice, H.J.Res. 37 would have the absurd result that special interest tax loopholes could be enacted by a simple majority, but a two-thirds super-majority would be required to close such loopholes.

Another harmful effect of H.J.Res. 37 would be permitting a minority of legislators in either House to block revenue-raising measures needed to prepare for potential military conflicts or to respond to other national emergencies or unforeseen problems. The current language of the resolution permits a waiver only if the United States has declared war or is "engaged in" a military conflict, and makes no provision whatsoever for natural disasters or other emergencies.

Enforcement of the proposed amendment would also raise serious concerns. If the proposed amendment is read to authorize judicial enforcement, courts could be drawn into fundamental policy and political disputes better resolved by the elected branches of government (e.g., determining whether a tax increase is "de minimis," or distinguishing between a "fee" and a "tax"). Alternatively, if judicial enforcement is unavailable, those who would seek to enforce the amendment would be left without a remedy, and the public's confidence in the Constitution would be diminished.

July 26, 1999
(House)

H.J.Res. 57 - Disapproving the Extension of Nondiscriminatory Trade Treatment to China (Rohrabacher (R) CA and 21 cosponsors)

The Administration strongly opposes H.J.Res. 57, which would disapprove normal trade relations (NTR) with China. Renewing nondiscriminatory trade treatment, previously known as most-favored-nation (MFN) treatment, does not give China a special deal. It simply extends to China the ordinary tariff treatment the United States extends to virtually all nations. The Administration urges the Congress to defeat H.J.Res. 57 for the reasons explained below.

The Administration urges support for the renewal of NTR to China because it advances a broad range of critical U.S. interests, such as advancing America's economic interests, preventing the spread of weapons of mass destruction, combating international crime and drug trafficking, promoting economic and regional stability in Asia, and protecting the global environment. Maintaining our overall relationship with China will enable the United States to actively engage China in the months and years ahead, to enhance areas of cooperation, and to pursue American interests where we differ. That engagement can help determine whether China becomes an increasingly open and productive partner for America, or whether it becomes more isolated and unpredictable. Extending NTR status to China is vital to our ability to successfully engage China and advance U.S. interests.

Engagement means advancing important U.S. national security and foreign policy interests in tangible ways. China has condemned both India and Pakistan's nuclear testing and has agreed to work towards preventing an arms race in South Asia. China continues to play a constructive role in peace talks and easing tensions on the Korean Peninsula. China has also played a constructive role in responding to the Asian financial crisis. The Administration has gained China's agreement to sign and submit for ratification the Comprehensive Test Ban Treaty; cease all cooperation with unsafeguarded nuclear facilities; engage in no new nuclear cooperation with Iran, including for peaceful purposes; promulgate national nuclear export laws and regulations controlling the export of dual-use items with nuclear applications; and improve verification and implementation of the Biological Weapons Convention; and China joined and ratified the Chemical Weapons Convention. More remains to be done. The Administration will continue to urge the Chinese to tighten further their controls on exports of missile technology and is urging them to take the steps necessary for eligibility in the Missile Technology Control Regime. China, through engagement, is increasingly moving from being part of the proliferation problem to being part of the solution. The United States also continues to maintain strong unofficial relations with Taiwan, including arms sales, based on the Taiwan Relations Act.

H.J.Res. 57 would undermine America's economic interests. The Administration is in negotiations with China on accession to the World Trade Organization that could result in an historic opening of China's markets to U.S. agricultural, industrial, and services exports. Revocation of NTR would adversely affect this effort to boost U.S. exports and to make China subject to global trade rules. In addition, U.S. exports to China and Hong Kong support an estimated 400,000 American jobs, as U.S. exports to China have quadrupled over the past decade to $14.3 billion. Chinese retaliation would imperil or eliminate a number of these jobs, exclude American companies and workers from future business in one of the world's most dynamic markets, and cede this market to European and Asian competitors. Denial of NTR would also hurt U.S. consumers, who because of higher tariffs could pay more each year for goods such as shoes, clothing, and industrial inputs. Finally, revocation of NTR would hurt U.S. interests in and the economic stability of Hong Kong, which handles over forty percent of U.S.-China trade.

Engagement allows the Administration to deal forthrightly with our differences, including human rights and universal principles of freedom and democracy. The President has made the case not only to the Chinese leadership but directly to the Chinese people that human rights are universal and that all nations have an obligation to adhere to international human rights instruments. We have also argued that respect for fundamental human rights is indispensable to a country's stability and progress. Over the past two years, China has signed two international human rights covenants, and engaged in human rights dialogues with several nations, including the United States. Although we remain deeply concerned about human rights violations in China and more needs to be done, the Administration remains convinced that engagement with China will lead to progress in the long term. Over time, the more the United States brings China into the world, the more the world will help bring freedom to China.

Revoking NTR would significantly damage America's relationship with a fifth of the world's population and jeopardize U.S. political and economic security. It would reverse three decades of bipartisan China policy and would seriously weaken our influence not only in China, but throughout Asia and beyond. Renewal of NTR best advances the substantial and broad range of U.S. interests.

August 3, 1999
(House)

H.J.Res. 58 - Disapproving the ExtensionK of Jackson-Vanik Waiver Authority for Vietnam (Rohrabacher (R) CA and 3 cosponsors)

The Administration strongly opposes H.J.Res. 58, which would disapprove the extension of a waiver of the Jackson-Vanik freedom of emigration requirements with respect to Vietnam. On June 3rd, President Clinton determined that continuation of the Jackson-Vanik waiver would substantially promote greater freedom of emigration in Vietnam in the future. This determination was based on Vietnam's improved performance over the past year on emigration and on its continued and increased cooperation on U.S. refugee programs. The Administration urges the Congress to defeat H.J.Res. 58 for the reasons explained below.

The Administration's policy since the establishment of diplomatic relations in 1995 has been to work with Vietnam to normalize incrementally our bilateral political, economic, and consular relationship. U.S. engagement helps promote the development of a prosperous Vietnam integrated into world markets and regional organizations, which, in turn, helps contribute to regional stability. In addition, U.S. involvement has secured Vietnamese cooperation and engagement on a range of important U.S. policy goals, including achieving the fullest possible accounting of POW/MIAs from the Vietnam War. It is in the national interest for this progress to continue.

While the Administration remains concerned about Vietnam's human rights practices and continues to urge improved respect for human rights, worker rights, and the rule of law, our engagement, along with that of others, has produced some improvements. These include increased openness, modest relaxation of restrictions on personal liberty and religious worship, greater toleration of public criticism, and release of a number of prisoners of conscience.

A Jackson-Vanik waiver is a prerequisite for Normal Trade Relations (NTR), but would not confer NTR on Vietnam. Before Vietnam can receive NTR, Congress must approve a bilateral trade agreement, which the Administration has been negotiating and which has recently been agreed to in principle. Extension of the waiver, however, will allow U.S. businesses operating in Vietnam to continue to make use of U.S. Government programs supporting U.S. exports to and investments in Vietnam. U.S. business views Vietnam, the twelfth most populous country in the world, as an important potential market.

Since March 1998 when the Jackson-Vanik waiver was first granted, it has been an essential component of the Administration's policy of engagement and has directly furthered progress with Vietnam on a number of U.S. policy goals. The extension of the waiver this year will continue to advance U.S. national interests in Vietnam.

June 9, 1999
(Senate)

S. 96 - Y2K Act
(McCain (R-AZ) and Frist (R-TN))

The Administration strongly opposes S. 96 as amended with the text of S. 1138. If this amended version of S. 96 were presented to the President in its current form, the President's senior advisors would recommend that he veto the bill for reasons noted in the attached April 27, 1999, Statement of Administration Policy on S. 96 and the attached letter to Congressional leadership on Y2K litigation. The Administration, however, strongly supports the revised amendment offered by Senator Kerry, with Senators Robb, Daschle, Reed, Breaux, and Akaka, that makes only a limited number of changes to the underlying bill to encourage -- not discourage -- readiness and ensure that, while deterring frivolous lawsuits, the courthouse door remains open for consumers and small business with legitimate claims. If this amendment were adopted, it would enable the Administration to support enthusiastically passage of the bill.

March 17, 1999
(Senate)

S. 544 - EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT, FY 1999
(Sponsor: Stevens (R), Alaska)

This Statement of Administration Policy provides the Administration's views on S. 544, a bill making FY 1999 emergency supplemental appropriations, as reported by the Senate Appropriations Committee. The bill as reported by the Committee provides urgently needed funding to assist in Central America's recovery from recent natural disasters, to provide resources to promote stability in Jordan, and to fund the President's request for the emergency needs of farmers and ranchers in the United States.

The Administration appreciates the Senate Committee's prompt action to ensure that urgently needed funding is provided quickly. Providing essential assistance to victims of natural disasters and helping our farmers at home with vital financing clearly fall in the category of needs that are urgent, unanticipated, and essential -- that is, emergency requirements. Therefore, they clearly deserve to be funded quickly,

fully, and without requiring offsets that could force unacceptable reductions in important programs. In addition, it is essential that this bill remain free of extraneous provisions that could slow its progress. Unfortunately, the Committee bill includes a number of such provisions.

Were the bill to be presented to the President with the Senate Committee's proposed offsets and several objectionable riders discussed below, the President's senior advisers would recommend that he veto the bill. We urge you not to take actions that could result in gridlock and delay, and that would be detrimental both to our allies abroad and our citizens at home in their time of need.

Emergency Relief for Central America

The bill provides $977 million for Central America, $21 million more than the President's request. The President's request for International Assistance Programs, the Department of Defense, and the Department of Justice would provide essential emergency disaster assistance in the wake of Hurricane Mitch, which inflicted severe damage on several Central American nations. The package also provides aid to the Caribbean nations struck by Hurricane Georges, including Haiti and the Dominican Republic. The Administration commends the Committee for its prompt action in approving the President's request. Regrettably, the Majority Leadership of the Senate has decided that these funds must be offset.

Hurricane Mitch, the worst natural disaster in the history of the Western hemisphere, left more than 9,000 dead and drove millions from their homes. Serious economic dislocation has resulted from the destruction of schools, hospitals, businesses, farms, and roads. Together, Hurricanes Mitch and Georges have caused $10 billion in damages. The President's Central America package is urgent, unanticipated, and essential and should be funded as an emergency request.

Funds must be provided swiftly to prevent the spread of disease and to buy seed and plant crops in the fast-approaching Spring planting season, thereby providing food and jobs to many communities, and to demonstrate to Central Americans that they can find jobs and security in their own recovering economies. Much of the rural road system farmers and small merchants depend on for their livelihoods was destroyed. Water and sanitation systems have been disrupted, which can result in disease. Economic destruction and dislocation threaten to undermine the region's achievements of the past decade, as these nations have made tremendous strides toward settling conflicts, strengthening democracy, promoting human rights, opening economies and alleviating poverty. Emergency assistance for reconstruction aid will ensure that their transformation continues and will deter illegal migration by assuring that Central Americans have cause to view their own futures in the region with hope.

Jordan

The Administration appreciates the Committee's providing the full $100 million for Jordan, fully funding the FY 1999 request. These funds will provide financial support to help promote stability in Jordan and the region during the period of transition subsequent to King Hussein's death. While the Administration appreciates the full funding of the FY 1999 request, we are disappointed that the $200 million requested in advance appropriations for FYs 2000 and 2001 has not been provided. In the context of promoting peace in the Middle East, the Administration will continue to press for these advance appropriations.

Department of Agriculture

The Committee bill provides $308 million in emergency funds for the Department of Agriculture (USDA), $156 million above the President's request. The Administration appreciates the Committee's support for the President's request for emergency farm loans and administrative costs. This loan authority would provide vitally needed financing for the Nation's farmers in light of the significant increase in demand for USDA loans, due to projected continuing low commodity and livestock prices. The Administration is reviewing the other farm-sector funds included in the Committee bill.

Offsets

The President has proposed that this package of essential emergency disaster assistance be funded consistent with the budget rules that apply to emergency spending. Regrettably, the Majority Leadership has decided that the funds for Central American disaster aid and agricultural assistance must be offset. The proposed offsets would result in unacceptable reductions in funding in areas of crucial importance to Americans, including: disaster relief funds in response to Hurricane Georges and other domestic disasters; funds for anti-terrorism to protect U.S. citizens at our embassies overseas; funds to fight the war on drugs; and, with only 289 days before December 31, 1999, funds to solve the Y2K problem. Some examples of the reductions that would result from the Committee's action include the following:

- $75 million from anti-terrorism programs to protect our citizens at our embassies and facilities abroad;

- $65 million in disaster relief, which would deprive FEMA, SBA, and other agencies of resources they need to continue their work in response to domestic disasters in Florida, Alabama, Mississippi, Louisiana, Georgia, North and South Carolina, North and South Dakota, West Virginia, Texas, California, Maryland, Virginia, Tennessee, Pennsylvania, Alaska and most other States ;
- $33 million in drug war programs of the Drug Enforcement Agency, the Coast Guard, the Customs Service, and other agencies;
- $113 million in Y2K funding for domestic Federal Government agencies, which could harm systems needing further computer conversion adjustments;
- $25 million in INS citizenship and immigration programs and $40 million in enforcement and border affairs, which would have negative consequences on INS' immigration benefit programs, ongoing investigations, and land border inspection operations;
- $16 million from the Department of Energy to execute crucial nonproliferation activities with the Russian Federation and private Western companies to reduce the availability of weapons-grade uranium;
- $43 million for International Organizations and Peacekeeping that would increase U.N. arrears and would jeopardize the ability of the United States to respond to increased or new requirements for international peacekeeping operations;
- $100 million from revised inflation assumptions for domestic, non-defense programs, which could result in cuts in inflation-sensitive programs such as WIC and other essential programs;
- $60 million from the Global Environmental Facility and $10 million from the EPA climate change program that develops the technology needed for a fuel efficient, less polluting vehicle; and $2 million from NOAA for coastal States for implementation of clean water action plan programs;
- $350 million of Temporary Assistance for Needy Families (TANF) funds deferred until FY 2002, which could force States to reduce critical investments in services and benefits to poor families who are trying to make the transition from welfare to work.

Objectionable riders

Unfortunately, the Committee bill includes a number of strongly objectionable provisions, including the following:

- A provision that would completely relinquish the Federal taxpayers' share of the Medicaid-related claims in the comprehensive State tobacco settlement without any commitment whatsoever by the States to use these funds to stop youth smoking. Federal taxpayers paid more than half, an average of 57 percent, of Medicaid smoking-related expenditures. The Administration believes that the States should retain these funds but should make a commitment that the Federal share of the settlement's proceeds will be spent on shared national and State priorities: to reduce youth smoking, protect tobacco farmers, improve public health, and assist children.
- A provision that would extend the current moratorium on publishing a final Interior Department rule revising the method by which crude oil from Federal leases is valued for purposes of calculating Federal royalties. The existing FY 1999 rider imposed an eight-month moratorium (until June 1, 1999) and was the outcome of negotiations with the Congress at the end of the last session. This provision would cost the Treasury about $15 million in FY 1999.
- A provision that would extend the current moratorium on publishing a final Interior Department rule concerning surface management and reclamation requirements at hardrock mine sites on Federal lands. The existing FY 1999 rider imposed a moratorium on publishing the final rule until September 30, 1999, and requires a National Academy of Sciences (NAS) study by July 31, 1999, examining the need for the new rule. The provision in this bill would prohibit publishing the final rule until after a minimum 120-day comment period following the completion of the NAS study. Therefore, the earliest the rule could be published would be December 1999. The new rule is needed to update the existing 1980 regulation to take into account changes in mining practices and technology since then. Interior issued for comment and review a proposed hardrock mining rule in February 1999. This rule-making process should not be delayed further.
- A provision that would prevent the Secretary of the Interior from implementing a recent reorganization of Interior's Office of Special Trustee for American Indians (OST) for the

remainder of FY 1999. The Secretary took the step of reorganizing this office to address deficiencies in day-to-day management of OST's field operations. In order for the Administration's efforts to reform management of tribal and individual Indian trust funds to succeed, this reorganization needs to remain in effect.

Other Issues

- On March 10, 1999, the President transmitted a request for $15 million in additional supplemental funding for the Department of the Interior to support the requirements of the Cobell v. Babbitt class-action lawsuit alleging mismanagement of individual Indian money accounts. These additional funds would allow the Department to conduct critical activities, including court-ordered document production and statistical sampling needed this year in defense of the suit. This request is fully offset from other Interior appropriation accounts.
- The Administration objects to a provision that would transfer $100 million from the Department of Agriculture's Wildfire Management Operations -- primarily firefighting funding -- to its Knutson-Vandenberg Fund (K-V Fund), which funds reforestation and timber stand management and improvement on national forest lands. A transfer of this magnitude is unnecessary and inappropriate. Transferring the funds from the appropriated fire operations account would likely require that available Forest Service emergency contingency funds be used to fight fires in FY 1999, even if FY 1999 is a normal fire year. Should a significant fire season occur and the contingency funds be exhausted, the Forest Service would have to transfer funds back from the K-V Fund.
- The Administration opposes the transfer of disaster relief funds from the Community Development Block Grant (CDBG) program to the Federal Emergency Management Agency. The Administration would like to work with the Committee to respond to their concerns about the implementation of the CDBG disaster relief program.

April 20, 1999
(Senate)

S. 557 - Social Security "Lockbox" Amendment
(Abraham (R) MI and Domenici (R) NM)

The Administration strongly opposes the budget process legislation announced by Senators Abraham and Domenici and the Republican Leadership on March 10, which we understand will be offered on the Senate Floor as a substitute amendment to S. 557. While purporting to be a Social Security "lockbox," this legislation fails to protect Social Security and would in reality put payment of Social Security benefits at risk. For the reasons detailed below and in the *attached tetter* from Secretary of the Treasury Rubin, if the Abraham/Domenici amendment or similar legislation is passed by the Congress, the President's Senior Advisors will recommend to the President that he veto the bill.

The Abraham/Domenici amendment would establish declining statutory limits on debt held by the public. As explained by Secretary Rubin in the attached letter, these arbitrary limitations on the Treasury's ability to borrow funds could trigger periodic debt crises, placing at risk the Federal government's ability to honor its financial obligations -- including payment of Social Security benefits. The Secretary concludes that this mechanism would create "uncertainty about the Federal government's ability to honor its future obligations . . . potentially threatening the ability to make Social Security payments to millions of Americans." These concerns would exist even if the legislation is amended to include recession waivers, because *any* unanticipated slowdown in the economy would cause a breach of these arbitrary limitations on debt.

Furthermore, the Abraham/Domenici amendment would not extend the solvency of the Social Security Trust Funds by a single day. The legislation is flawed because it fails to extend the solvency of the Trust Funds, fails to ensure that the surplus is used to protect the payment of benefits to Social Security beneficiaries, and contains an escape clause designed to allow the diversion of surpluses attributable to Social Security to other purposes which neither help Social Security beneficiaries nor reduce the debt.

By contrast, the President has proposed a budget plan that substantially extends the life of the Social Security Trust Funds and dedicates a large portion of projected surpluses for the payment of Social Security benefits. The President's budget framework would reserve 62 percent of unified budget surpluses over the next 15 years to extend the solvency of the Social Security Trust Funds. These surpluses would be fully dedicated to the Social Security

Trust Funds and would not be available for tax cuts or other spending programs. The independent Social Security Administration actuaries have estimated that reserving 62 percent of unified budget surpluses for Social Security would extend the life of the Trust Funds until 2059.
Moreover, the Administration supports extension of the Budget Enforcement Act pay-as-you-go requirements and discretionary spending caps, as additional insurance that the dedicated surplus funds will not be used for purposes other than Social Security solvency. The pay-as-you-go requirements and budget caps have been effective for the last ten years, and should be extended without change until the Congress and the President have secured the long-term solvency of Social Security.
In addition to securing the future of the Social Security program, the President's budget framework would lock away an additional 15 percent of total budget surpluses to extend the life of the Medicare Trust Fund by at least a decade. As with the Social Security surpluses, these funds would be dedicated to Medicare by investing the funds in Treasury securities and making them unavailable for any other purpose. The Republican proposal, by contrast, does nothing to guarantee extension of the Medicare Trust Fund and would seriously weaken the budget rules to permit non-Social Security surpluses to be spent on tax cuts.
The Administration may comment further, as the final details of the Republican proposal become available.
Attachment: March 17, 1999 letter from Secretary Rubin

November 8, 1999
(Senate)

S. 625 - Bankruptcy Reform Act of 1999
(Grassley (R) Iowa and eight cosponsors)

The President supports bankruptcy reform that is balanced, would reduce abuses of the bankruptcy system, and would require debtors and creditors alike to act responsibly. Last year, the Senate produced such a balanced bill with overwhelming bipartisan support. The President is disappointed that, this year, the House failed to produce legislation that he could support. S. 625 reflects some improvements over H.R. 833 as passed by the House. The Administration, however, continues to have serious reservations about S. 625 and strongly opposes some of its provisions. For example, we are deeply concerned about a provision of the manager's amendment that adds an important "safe harbor" that protects low-income debtors from motions to deny them access to Chapter 7 under the means test, but also eliminates an essential "safe harbor" that would protect low-income debtors from coercive creditor motions that might be brought under a under a vague "totality of the circumstances" test more appropriately enforced by bankruptcy trustees and courts. The latter protection eliminated by the managers' amendment was included in the reported version of the Senate bill, the House-passed bill, and last year's conference report. The Administration's other objections to this bill are explained in detail in the Attachment.
Most of the Administration's concerns would be addressed by relevant amendments that the Administration understands will be offered on the Senate floor. The Administration's views on the anticipated amendments are also contained in the Attachment. The Administration remains hopeful that bipartisan cooperation will result in responsible bankruptcy legislation that the President can enthusiastically sign.
Finally, the Administration understands that certain non-relevant amendments will be offered as well. On November 4, 1999, in a letter to the Majority Leader, the President made clear that he strongly supports an increase in the minimum wage of $1 over the next two years; however, if Congress sends him a bill delaying the increase, repealing overtime protections for certain workers, adding costly and unnecessary tax cuts that threaten fiscal discipline and direct benefits away from working families, and thwarting ongoing efforts to enforce pension law, he will veto it.
In addition, the Administration strongly opposes the inclusion of an unrelated education amendment, a version of the Teacher Empowerment Act. When similar legislation passed the House this summer, the President indicated that he would veto it. The Administration's position on this legislation has not changed. The amendment would eviscerate the class size reduction program passed on a bipartisan basis last year and replace it with a block grant that fails to guarantee that any funds will be used to support the crucial work of reducing class sizes in the early grades. In addition, the block grant does not target funds toward the neediest students and does not include important provisions to improve teacher quality. If this amendment is attached to S. 625, the President will veto the bill.
The Administration opposes the drug-related amendment because it would reduce the current disparity between crack and powder cocaine sentences solely by increasing powder cocaine penalties dramatically instead of addressing both crack and powder cocaine penalties. Decreasing the threshold amount of powder cocaine necessary to obtain 5- and 10-year mandatory minimum sentences may be counterproductive because it could significantly

redirect Federal law enforcement resources from the highest level offenders. In addition, this amendment would actually exacerbate the disproportionate impact of cocaine sentencing on minorities because, according to U.S. Sentencing Commission statistics, approximately 31% of defendants sentenced at the Federal level for powder cocaine offenses in 1998 were African American, 48% were Hispanic, and only 19% were white.

May 3, 1999
(Senate)

S. 900 - Financial Services Modernization Act of 1999
(Gramm (R) TX)

The Administration strongly opposes S. 900, which would revise laws governing the financial services industry. This Administration has been a strong proponent of financial modernization legislation that would best serve the interests of consumers, businesses, and communities, while protecting the safety and soundness of our financial system. Consequently, it supports the bill's repeal of the Glass-Steagall Act's prohibition on banks affiliating with securities firms and of the Bank Holding Company Act's prohibitions on insurance underwriting. Nevertheless, because of crucial flaws in the bill, the President has stated that, if the bill were presented to him in its current form, he would veto it.

In its current form, the bill would undermine the effectiveness of the Community Reinvestment Act (CRA), a law that has helped to build homes and create jobs by encouraging banks to serve creditworthy borrowers throughout the communities they serve. The bill fails to require that banks seeking to conduct new financial activities achieve and maintain a satisfactory CRA record. In addition, the bill's "safe harbor" provision would amend current law to effectively shield financial institutions from public comment on banking applications that they file with Federal regulators. The CRA exemption for banks with less than $100 million in assets would repeal CRA for approximately 4,000 banks and thrifts that banking agency rules already exempt from CRA paperwork reporting burdens. In all, these limitations constitute an assault upon CRA and are unacceptable.

The bill would unjustifiably deny financial services firms holding 99 percent of national bank assets the choice of conducting new financial activities through subsidiaries, forcing them to conduct those activities exclusively through bank holding company affiliates. Thus the bill largely prohibits a structure with proven advantages for safety and soundness, effectively denying many financial services firms the freedom to organize themselves in the way that best serves their customers.

The bill would also inadequately inform and protect consumers under the new system of financial products it authorizes. If Congress is to authorize large, complex organizations to offer a wide range of financial products, then consumers should be guaranteed appropriate disclosures and other protections.

The bill would dramatically expand the ability of depository institutions and nonfinancial firms to affiliate. The Administration has serious concerns about mixing banking and commercial activity under any circumstances, and these concerns are heightened by the financial crises affecting other countries over the past few years.

The Administration also opposes the bill's piecemeal modification of the Federal Home Loan Bank System. The Administration believes that the System must focus more on lending to community banks and less on arbitrage activities and short-term lending that do not advance its public purpose. The Administration opposes any changes to the System that do not include these crucial reforms.

In addition, the Administration opposes granting the Federal Housing Finance Board independent litigation authority. Such authority would be inconsistent with the Attorney General's authority to coordinate and conduct litigation on behalf of the United States.

Pay-As-You-Go Scoring

S. 900 would affect direct spending and receipts. Therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's pay-as-you-go scoring of this bill is under development.

September 7, 1999
(Senate)

S. 1143 - DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS BILL, FY 2000

(Sponsors: Stevens (R), Alaska; Shelby (R), Alabama)

This Statement of Administration Policy provides the Administration's views on S.1143, the Department of Transportation and Related Agencies Appropriations Bill, FY 2000, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration appreciates the Committee's efforts to accommodate many of the Administration's priorities within the 302(b) allocation and the difficult choices made necessary by that allocation. However, the allocation of discretionary resources available under the Congressional Budget Resolution is simply inadequate to make the necessary investments that our citizens need and expect. The President's FY 2000 Budget proposes levels of discretionary spending that meet such needs while conforming to the Bipartisan Budget Agreement by making savings proposals in mandatory and other programs available to help finance this spending. Congress has approved and the President has signed into law nearly $29 billion of such offsets in appropriations legislation since 1995. The Administration urges the Congress to consider other similar proposals as the FY 2000 appropriations process moves forward. With respect to this bill in particular, the Administration urges the Congress to consider the President's proposal for user fees.

The Administration proposes to meet important safety, mobility, and environmental requirements through the reallocation of a portion of the increased spending resulting from higher-than-anticipated highway excise tax revenues. Under this proposal, every State would still receive at least as much funding as was assumed when the Transportation Equity Act for the 21st Century was enacted. The Committee has chosen to reallocate limited funding within the highway "guarantee." The Senate is encouraged to build upon this and to consider the Administration's proposal as a means to fund these important priorities.

The Administration is concerned that the Committee bill could severely compromise the Federal Aviation Administration's (FAA's) operations and modernization programs, reduce highway and motor carrier safety, and under-fund other important programs. The Senate could partially accommodate the funding increases recommended below by adhering more closely to the President's requests for the Airport Improvement Program, High Speed Rail, Coast Guard Alteration of Bridges, Coast Guard capital improvements, and other programs.

The following highlights our specific concerns with the Committee bill.

Limitation on States' Allocation of Transit Funding

The Administration strongly opposes the provision that would limit any State's share of transit discretionary and formula grant funding to 12.5 percent of total funding. Transit formula funding distributions were enacted last year in TEA-21 and should not be reopened in an appropriations bill. The Administration and Congress worked together closely to ensure that transit funding is distributed based on need. Clearly, the need is with California and New York, which together have almost half the total transit ridership in the United States. Since transit needs vary widely geographically, it would be inappropriate to impose an "equity distribution" formula that would divert these resources from where they are needed most. We urge the Senate to strike this unacceptable provision so that the bill can rapidly move to conference and be sent to the President in a form that can be signed into law. If a bill were presented to the President that contained this provision, the President's senior advisers would recommend that he veto the bill.

Aviation Safety and Modernization

The funding provided in the Committee bill for FAA operations and modernization would result in major impediments to both of these critical tasks.

The Administration strongly urges the Senate to fully fund the Administration's request for FAA Operations. The $182 million, or three-percent, reduction in the Committee bill would force the FAA to close low-level towers, defer hiring of safety and security personnel needed to meet the demands of increased air travel, and possibly slow air travel.

The Senate is also urged to restore the $274 million, or 12-percent, reduction to the FAA Facilities and Equipment account. Together with the rescission of nearly $300 million proposed by the Committee for

this program, this funding level would cripple the ongoing National Airspace System modernization program. Safety and security projects would be delayed or canceled, and critically-needed capacity enhancing projects would be postponed, increasing future air travel delays. The Senate is requested to provide the request of $17 million in critically-needed funding to ensure timely implementation of a Global Positioning System (GPS) modernization plan that will help enable transition to a more efficient, GPS-based air navigation system.

The Administration supports the Committee's decision to eliminate the General Fund subsidy for FAA Operations but urges the Congress to enact the Administration's proposal to finance the agency. Such a system would improve the FAA's efficiency and effectiveness by creating new incentives for it to operate in a business-like manner.

Livability Programs

The Administration is disappointed that the Committee bill funds transit formula grants at $212 million below the President's request. In addition, the Administration strongly opposes the Committee's action to cut funding for the Transportation Community Preservation Pilot Program (TCSP) by $11 million, or 22 percent, from the amount guaranteed in TEA-21. The Administration urges the Senate to provide the $50 million requested by the President for TCSP. These programs are important components of the Administration's efforts to provide communities with the tools and resources needed to combat congestion and sprawl.

Highway Safety

The Administration strongly urges the Senate to provide funding consistent with the recently enacted reauthorization for the National Highway Traffic Safety Administration's operations and research activities. This would provide an increase of $20.4 million above the Committee bill. This funding would allow expanded Buckle Up America and Partners in Progress efforts in order to meet ambitious alcohol and belt usage goals. It would also provide enhanced crash data collection, increased defects investigations, and crucial research activities on advanced air bags, crashworthiness, and enhanced testing in order to make better car safety information available to the public.

Motor Carrier Safety

The Administration appreciates the Committee's funding of $155 million, the amended request, for the National Motor Carrier Safety Grant Program. This will allow the Office of Motor Carrier and Highway Safety to undertake improvements in the area of motor carrier enforcement, research, and data collection activities that are designed to increase safety on our Nation's roads and highways. The Administration strongly urges the Senate to also provide the additional funding of $5.8 million requested for motor carrier operations.

Amtrak

The Administration commends the Committee for funding Amtrak at $571 million, the President's requested level, and the level called for in Amtrak's "glidepath" to self-sufficiency.

Job Access and Reverse Commute

The Administration is disappointed that the Committee has provided only $75 million -- half of the amount authorized and requested -- for the Job Access and Reverse Commute program. This program is a critical component of the Administration's welfare-to-work effort and is significantly over-subscribed at present. Demand is expected to increase as more communities around the country begin to see how effective the program can be in helping individuals make a successful transition from welfare to work. The Administration urges the Senate to provide full funding at $150 million.

Office of the Secretary

The Administration urges the Senate to provide the President's request of $63 million for the Office of the Secretary and to delete the limitation on political appointees and other restrictions. These adjustments to the Committee bill are necessary to provide the Secretary with the resources to manage the Department effectively. Also, the Senate is requested to restore the seven-percent reduction to the Office of Civil Rights. This reduction would hamper the Department's ability to enforce laws prohibiting discrimination in Federally operated and assisted transportation programs.

Other Language Provisions

The Senate is requested to delete the provision that would restrict the Coast Guard's user fee authority. User fees can help the Coast Guard by providing resources to meet its operating and capital needs without significantly reducing other vital transportation programs. In addition, the Administration is concerned about prematurely encouraging the closure of Coast Guard training facilities without regard to the results of the ongoing Coast Guard review as to the best use of those facilities.

The Senate is requested to delete the provision that would impose a DOT-wide $60 million reduction in obligations to the Transportation Administrative Service Center. This reduction would impose significant constraints on many critical administrative programs.
The Senate is requested to delete Section 316 of the proposed bill, as its applicability to State legislatures represents a significant expansion of the traditional anti-lobbying provision in DOT appropriations acts. This broad, ambiguous provision will chill the informational activities of the Department and limit the ability of the Department to carry out its safety mandate. An expansion beyond the existing requirements of Section 7104 of TEA-21 is unwarranted.
There are several provisions in the bill that purport to require congressional approval before Executive Branch execution of aspects of the bill. The Administration will interpret such provisions to require notification only, since any other interpretation would contradict the Supreme Court ruling in INS vs. Chadha.

July 21, 1999
(Senate)

S. 1217 - DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 2000

(Sponsors: Stevens (R), Alaska; Gregg (R), New Hampshire)

This Statement of Administration Policy provides the Administration's views on S. 1217, the Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 2000, as reported by the Senate Committee. As the Senate develops its version of the bill, your consideration of the Administration's views would be appreciated.
The Administration appreciates the Committee's efforts to accommodate some of the Administration's priorities within its 302(b) allocation. However, the inadequacy of the 302(b) allocation has forced the Committee to make choices that are simply unacceptable.
The President's FY 2000 Budget proposes levels of discretionary spending that meet important national needs while conforming to the Bipartisan Budget Agreement by making savings proposals in mandatory and other programs available to help finance vital spending needs. Congress has approved and the President has signed into law nearly $29 billion of such offsets in appropriations legislation since 1995. The Administration appreciates the Committee's adoption of one such proposal, language clarifying the relationship of bankruptcy law with regard to spectrum licenses. This provision will also help to ensure the integrity of the spectrum auction process. The Administration urges the Congress to consider more of such proposals as the FY 2000 appropriations process moves forward.
The Committee bill does not include the resources necessary to support high priority programs at an acceptable level. The bill would jeopardize critical activities and initiatives in a number of areas, including: 21st Century Policing; Federal law enforcement; immigration; anti-drug activities; the Brady Handgun National Instant Check System; terrorism/cybercrime; tobacco litigation; the decennial census; economic development through the Economic Development Administration and the Small Business Administration; Lands Legacy; the Pacific Salmon Treaty; ensuring access to the judicial system; and, preventing and addressing discrimination.
The bill underfunds activities to improve the safety of U.S. employees abroad and support the ongoing conduct of effective diplomacy, and does not fully fund payments to international organizations necessary to ensure U.S. leadership in international affairs. The bill would result in further arrears and possible loss of vote in the U.N. and other organizations. In addition, the bill includes several objectionable language provisions regarding international and domestic programs.
If the bill were presented to the President in its current form, the President's senior advisers would recommend that he veto the bill.

July 1, 1999
(Senate)

S. 1283 - DISTRICT OF COLUMBIA APPROPRIATIONS

BILL, FY 2000
(Sponsors: Stevens (R), Alaska; Hutchison (R), Texas)

This Statement of Administration Policy provides the Administration's views on S. 1283, the District of Columbia Appropriations Bill, FY 2000, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration commends the Committee for producing a bill that provides the requested funding for the Administration's priorities. However, the Administration continues to be deeply concerned about a number of provisions of the Committee bill that would seriously undermine local control. We urge the Senate to adopt a bill that addresses the Administration's concerns.

The Administration views the following objectionable provisions contained in the bill as unwarranted intrusions into the affairs of the District, and would support amendments, if offered, to strike the provisions:

- **Abortion**. The Administration strongly opposes section 129, which would prohibit the use of both Federal and District funds to pay for abortions except in those cases where the life of the mother is endangered or in situations involving rape or incest.
- **Domestic Partners Act**. The Administration objects to a provision of the bill prohibiting the use of Federal and local funds to implement or enforce the Health Care Benefits Expansion Act of 1992 (the Domestic Partners Act).
- **Limit on Attorneys' Fees in Special Education Cases**. The Administration objects to a provision of the Committee bill that would cap the award of plaintiffs' attorneys' fees in cases brought against the District of Columbia Public Schools under the Individuals with Disabilities Education Act (IDEA). In the long-run, this provision is likely to limit the access of the District's poor families to quality legal representation, thus impairing their due process protections provided by the IDEA.
- **Restriction on City Council Salaries**. The Administration objects to the restriction contained in the Committee bill on the amount of salary that can be paid to members of the District of Columbia Council.
- **Voting Representation**. The Administration opposes section 145, which would prohibit the use of Federal or District funds to provide assistance for petition drives or civil actions which seek to require voting representation in Congress for the District of Columbia.

Resident Tuition Support

The Administration appreciates the Committee's inclusion of funding for a tuition assistance program for District of Columbia residents, which the Administration strongly supports. However, the Committee bill does not address all of the Administration's concerns regarding this important initiative. The Administration supports a tuition assistance program for D.C. residents that provides grants equal to the difference between in-state and nonresident tuition at public colleges and universities in Virginia and Maryland and that also provides grants of up to $2,000 for D.C. residents attending private colleges and universities in D.C. and adjacent counties, while maintaining accountability for federal funds and providing adequate flexibility in the administration of the program. The proposal to include grant aid to private institutions is consistent with the support that many States provide to private institutions. Finally, we support a program that prioritizes funding on the basis of financial need. As a discretionary program with finite financial resources, the tuition support program should target funds to the neediest students.

We understand that an amendment may be offered to eliminate funding for this program. The Administration would strongly oppose such an amendment. The Administration considers the establishment and funding of this program to be very important in providing D.C. residents equal access to postsecondary education and in ensuring that D.C. has the educated workforce to compete economically, thereby supporting the Mayor's efforts to revitalize D.C. We will continue to work with Congress to ensure that funds are provided for this program.

Criminal Justice

The Administration understands that an amendment altering District parole policy may be offered. Such an amendment would be premature. New policies are already being put in place, including graduated sanctions for violations of conditions of release, under the terms of the Revitalization Act.

Amendments Related to Private School Vouchers and Needle Exchange

The Administration understands that amendments may be offered to provide for the use of private school vouchers in the District and to prohibit the use of Federal and local funds for needle exchange programs. If such amendments were adopted and included in the bill presented to the President, his senior advisers would recommend that the President veto the bill.

We strongly oppose any legislation allowing the use of Federal taxpayer funds for private school vouchers. Instead of investing additional resources in public schools, vouchers would allow a few selected students to attend private schools and would draw resources and attention away from the hard work of reforming public schools that serve the

overwhelming majority of D.C. students. Establishing a private school voucher system in the Nation's Capital would set a dangerous precedent for using Federal taxpayer funds for schools that are not accountable to the public.
The Administration strongly opposes legislation that would place a ban on the use of funds for needle exchange programs. The Administration appreciates the fact that such a ban has not been included in the District of Columbia Appropriations bill reported by the Committee, and would strongly oppose efforts to restore the prohibition.

July 26, 1999
(Senate)

S. 1292 - DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS BILL, FY 2000
(Sponsors: Stevens (R), Alaska; Gorton (R), Washington)

This Statement of Administration Policy provides the Administration's views on the Interior and Related Agencies Appropriation Bill, FY 2000, as reported by the Senate Committee.
The allocation of discretionary resources available to the Senate under the Congressional Budget Resolution is simply inadequate to make the necessary investments that our citizens need and expect. The President's FY 2000 Budget proposes levels of discretionary spending that meet such needs while conforming to the Bipartisan Budget Agreement by making savings proposals in mandatory and other programs available to help finance this spending. Congress has approved, and the President has signed into law, nearly $29 billion of such offsets in appropriations legislation since 1995. The Administration urges the Senate to consider such proposals as the FY 2000 appropriations process moves forward. In addition, we urge the Senate to reduce unrequested funding for programs and projects in this bill.
The Committee bill makes major reductions to critical requests for the President's Lands Legacy Initiative and for key tribal, energy, and cultural programs. The bill also includes many environmental provisions that would be highly objectionable to the Administration. Consequently, if the bill were to be presented to the President in its present form, the President's senior advisors would recommend a veto.
Objectionable Legislative Riders
The Administration strongly opposes the many environmental and other authorizations in the bill, which are inappropriate for inclusion in an appropriations act. The inclusion of such riders in this bill is unacceptable. (See attachment.) Such riders rarely receive the level of congressional and public review required of authorization language, and they often override existing environmental and natural resource protections, limit tribal sovereignty, or impose unjustified micro management restrictions on agency activities. We strongly urge the Senate to oppose such provisions.
Lands Legacy Initiative/Land and Water Conservation Fund
The Administration strongly opposes the Committee's decision not to fund major portions of the President's Lands Legacy Initiative. Overall, only $263 million, or 33 percent, of the $797 million requested in this bill for the Initiative would be funded. The bill would provide no funding for State conservation grants and planning assistance, and only a portion (11 percent) of the requested increase for the Cooperative Endangered Species Conservation Fund. The Committee bill would also make significant cuts in State and Private Forestry grants. Federal land acquisition funding would be cut by more than half from the Lands Legacy request, from $413 million to $198 million, and would include none of the $45.6 million requested for a grant to the State of Florida for Everglades restoration, and force a premature and inappropriate termination of funding that Congress previously approved to initiate acquisition of the majestic Baca Ranch in New Mexico. It would be short-sighted to gut the important Lands Legacy Initiative, given the growing bipartisan recognition of the need for the Federal Government, the States, and the private sector to protect open spaces and preserve America's great places.
Land Management Operations
The Administration commends the action of the Committee in addressing the operational and maintenance needs of land management agencies in Interior and the Department of Agriculture. The Administration is concerned, however, with cuts in key conservation programs from the request. For example, the bill makes major reductions in the Administration's Clean Water Action Plan (CWAP), providing less than ten percent of the $102 million requested increase. Forested watersheds managed by the land management agencies supply drinking water to millions of Americans. The Administration is also concerned with the lack of additional funding for abandoned mine

lands reclamation under the CWAP. Full funding of the $25 million request would allow significant progress in addressing acid mine drainage and watershed problems in the Appalachian region.
In addition, the bill would reduce requests for the Fish and Wildlife Service's endangered species program by $13 million, or 12 percent, and the Forest Service forest research program by $48 million, or 20 percent, and funding to meet the science needs of Interior's land management programs. Increased funding for key programs within the Forest Service operating program, such as wildlife and fisheries habitat and rangeland management, could be offset with reductions in unrequested and excessive funding for timber sale preparation and management. An additional $29 million could be provided for high-priority programs by adopting the Administration's proposal to charge timber companies for the costs of preparing timber sales on National Forests. By adopting the Administrations's proposed Forest Service concession reforms, $11 million in additional fees could be directed to improve recreational opportunities.

Millennium Initiative to Save America's Treasures

The Administration objects to the lack of funding for the $30 million Presidential initiative to commemorate the Millennium by preserving the Nation's historic sites and cultural artifacts that are America's treasures, and urges the Committee to address the needs of this important program as the bill moves forward. Funds provided by Congress in FY 1999 have already been used with matching State, local, and private funds to preserve such important national symbols as the Star Spangled Banner, the 1905 Wright III (the world's first practical airplane), and the Louis Armstrong House and Archives.

Priority Construction and Maintenance Needs

The Department of the Interior has developed a five-year plan that prioritizes Maintenance and Construction projects based on uniform criteria, with greatest emphasis given to deferred maintenance needs related to critical health and safety and resource protection needs. This action would be undermined, however, by the Committee's earmarking of approximately $50 million for nearly three dozen unrequested and unscheduled NPS projects. The Administration urges Congress to support construction management reforms by funding those projects that have been selected in the five-year construction priority lists of the NPS and other land management agencies in the Department of the Interior, as well as funds requested for maintenance management improvement and special projects, such as the addition to the FDR Memorial (DC).

National Endowment for the Arts/National Endowment for the Humanities/Institute for Museum and Library Services

The Administration strongly objects to the proposed funding levels for the National Endowment for the Arts (NEA) and National Endowment for the Humanities (NEH) and the Institute of Museum and Library Services (IMLS), Office of Museum Services. The Committee's proposed $51 million, or 34-percent, reduction from the request would preclude NEA from moving forward with its Challenge America initiative which emphasizes arts education and access to under-served communities across America. The $38 million, or 25-percent, reduction from the request would preclude NEH from expanding its summer seminar series to provide professional development opportunities to our nation's teachers as well as broadening the outreach of its humanities programs. The $10 million, or 29-percent, reduction from the request would preclude IMLS from moving forward on the digital library for education, expansion of after-school programs in museums, and Museums On-line to improve museum access to communities and schools. The Administration urges the Senate to approve funding for the Endowments and IMLS' Office of Museum Services at the requested levels.

Bureau of Indian Affairs and Office of the Special Trustee for American Indians

The Administration is very concerned that the Committee has not provided the requested funds to address long-standing concerns of Native Americans. Although the bill increases Office of the Special Trustee for American Indians funding over the FY 1999 enacted level, it is still $21 million, or 21-percent, below the Administration's request, which is critical for implementing Trust management reforms and consolidating highly fractionated ownership of Indian lands. In addition, the Committee bill does not fund the $30 million Bureau of Indian Affairs School Construction Bonding Initiative for much-needed improvements in elementary and secondary schools, nor does it provide adequate funding to operate these schools.

Guam Assistance

The Administration opposes the Committee's decision not to provide additional funding to reimburse Guam for economic and social costs due to migration from the freely associated states of Micronesia authorized by the Federal compacts with those nations.

Other Funding Issues

Maintaining the FY 1999 enacted funding level for the Office of the Solicitor, as proposed by the Committee bill, would seriously undermine this vital office, requiring personnel reductions and impairing Indian trust reform and other important activities.

The Administration supports full funding for digitizing collections in the Smithsonian Institution and the National Park Service as part of the Digital Library for Education, providing school children around the nation the opportunity to explore the unique materials available in the collections of these two agencies.

Indian Health Service (Department of Health and Human Services)

While the Administration is pleased that the Committee has provided an increase over the FY 1999 enacted level for the Indian Health Service (IHS), we are disappointed that the increase is less than half of the $170 million increase the Administration has requested for IHS. In particular, the Senate did not provide any of the $35 million increase requested for Contract Support Costs. The FY 2000 Budget seeks to increase the health provider staffing and infrastructure necessary to improve access to health care services, including an additional 25,000 dental services, a Women's Health Initiative to provide 34,000 additional breast cancer mammography screenings, and 100 more community-based Public Health Nurses to provide preventive outreach activities, including well-child examinations, immunizations, and prenatal care. These increases are necessary if we are to help reduce disparities and improve the health status of Native Americans and Alaska Natives. We strongly urge the Senate to fully fund the requested levels in Hospitals and Clinics, Dental, Mental Health, Contract Health Care, Public Health Nursing, Contract Support Costs, Sanitation, and maintenance -- all critical areas of need for Native American communities.

Department of Energy

The Committee mark severely reduces high priority Energy Conservation programs $155 million below the President's request. The Administration strongly opposes this reduction. The cut seriously hampers the progress being made in the Partnership for a New Generation of Vehicles (PNGV) to promote the development of high mileage vehicles. The reduction also prevents the Partnership for Advancing Technologies in Housing (PATH) from demonstrating technologies which achieve dramatic savings in the energy costs for new housing.

The effect of Section 341 of the General Provisions is not clear, but appears to be intended to impede efforts to save taxpayers money by reducing the energy costs of operating Federal buildings. This type of interference in the efficient running of government is highly objectionable and counterproductive. The Committee mark does not include the President's request for $36 million for the second Elk Hills installment payment to the State of California for its use in the California Retired Teachers System. This payment should be provided consistent with P.L. 104-106. The Committee also provides $27 million more than the President's request for Fossil Energy Research and Development activities and reduces the requested Clean Coal deferral by a net of $90 million. The Administration prefers that the research priorities contained in the President's budget be funded instead of these lower priority Fossil Energy Research and Development activities.

Smithsonian Institution and Other Cultural Agencies

Although the Administration appreciates the funding levels the Committee has provided for the Kennedy Center, National Gallery of Art, and the U.S. Holocaust Memorial Museum, we would hope that the Senate could provide additional funds for the Smithsonian Institution.

Infringement on Executive Authority

There are several provisions in the Committee bill that purport to require congressional approval before Executive Branch execution of aspects of the bill. The Administration will interpret such provisions to require notification only, since any other interpretation would contradict the Supreme Court ruling in INS vs. Chadha.

July 27, 1999
(Senate)

S. 1429 - Taxpayer Refund Act of 1999
(Roth (R) Delaware)

The Administration strongly opposes the package of tax cut proposals contained S. 1429. If a bill encompassing these proposals were to pass the Congress, the President would veto it.

The Nation's economy is strong because the Administration and the Congress have followed the proper economic course over the past six years. Because the Administration and the Congress have focused on reducing deficits, paying down debt held by the public, bringing down interest rates, investing in our people, and opening markets, there is $1.7 trillion less debt held by the public today than was forecast in 1993. These actions have contributed to greater productivity growth, low inflation, low unemployment, and broad-based growth in real wages. S. 1429 would reverse the fiscal discipline that has had such great benefits for the Nation's economy, raising several serious concerns.

- The President has stated repeatedly that, before considering using projected surpluses to

provide a tax cut, the long term solvency of Social Security and Medicare must be addressed. To date, the Congress has not acted on either of these issues.

- The magnitude of the tax cuts in the bill, plus the associated debt service costs, could approach the size of all of the on-budget surpluses the Congressional Budget Office projects for the next ten years.
- A tax cut of this size leaves virtually none of these surpluses available: for addressing the long-term solvency of Medicare, which is currently projected by its Trustees to be insolvent by 2015; for addressing the financial needs of Social Security in the longer term; or for necessary funding for our national security and for education, health, and other domestic priorities.
- The bill would cause the Nation to forgo the unique opportunity to eliminate completely the burden of the debt held by the public by 2015 as proposed by the President in the Mid-Session Review of the Budget. The elimination of this debt would have a beneficial effect on interest rates, investment, and the growth of the economy. Moreover, paying down debt is tantamount to cutting taxes. Each one-percentage point decline in interest rates would mean a cut of $200 to $250 billion in mortgage costs borne by American consumers over the next 10 years. If we do not erase the debt held by the public, our children and grandchildren will have to pay higher taxes to offset the higher Federal interest costs on this debt.
- Since many of the major tax cuts are phased-in over a period of years, the cost of the proposed tax cuts would explode beyond the 10-year budget window. This would pose even greater risks for the future, just as the first wave of the baby boom generation is retiring.
- Budget projections for any period in the future are inherently uncertain. For example, in a study reviewing fiscal years 1988-98, CBO has reported that the average change between its estimates of annual deficits or surpluses five years into the future and the actual results was substantial. Projections of budget surpluses ten years into the future are even more uncertain. The prudent course of action in the face of these uncertainties is to avoid making financial commitments -- such as massive tax cuts -- that will be very difficult to reverse.
- The bill would not meet the existing pay-as-you-go requirements of the Budget Act, which has helped provide the discipline necessary to bring us from an era of large and growing budget deficits to the potential for substantial surpluses. It would also require an automatic sequester of mandatory programs, including Medicare.
- Finally, while some of the proposals contained in the President's Budget are included in S. 1429, the Administration disagrees with the overall priorities of the bill. The President's balanced package of high-priority, targeted tax initiatives represents the right approach to addressing the needs of American working families.

The Administration looks forward to working with the Congress in the coming months to address the solvency of Medicare and Social Security, to meet critical national priorities, and to provide fiscally responsible tax relief targeted at the needs of working families.

Pay-As-You-Go Scoring

S. 1429 would affect receipts; therefore, it is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. The Administration has not yet completed its scoring of the bill, but it is evident that the magnitude of the tax cut and the absence of significant offsets would cause a sequester of mandatory resources.

September 22, 1999
(Senate)

S. 1596 - DEPARTMENT OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 2000

(Sponsors: Stevens (R), Alaska; Bond (R), Missouri)

This Statement of Administration Policy provides the Administration's views on the Veterans, Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 2000, as approved by the Senate Committee. Your consideration of the Administration's views would be appreciated.

The Administration issued a senior advisors veto threat on the House version of this legislation due to deep cuts in science and technology programs, reductions in essential housing and environmental programs, inadequate funding for National Service, inadequate funding for FEMA disaster relief and cuts in other important programs. The Administration appreciates the Senate Committee's efforts to develop a bill that makes important improvements to the House bill. However, there continue to be significant problems with the Senate Committee bill that must be satisfactorily addressed before it is presented to the President. Regrettably, the Committee bill under funds important programs for our nations's cities, for the environment, for disaster relief and for National Service. Unless these concerns with the House and Senate bills are addressed in a satisfactory manner in a conference agreement, the President's senior advisors would recommend that he veto the bill.

The Administration strongly objects to the Committee's failure to fund the critical housing needs of low-income families and Administration initiatives to invest in our nation's cities. Most importantly, the Administration objects to the Committee's decision not to fund new incremental Section 8 housing assistance vouchers in FY 2000 and to the elimination of the Community Builders Program. If forced to terminate these employees, HUD would have to eliminate local service in almost two dozen communities, leaving up to seven States without any HUD presence.

The Administration also strongly opposes the Committee's decision not to fund, or to under fund, a number of the Administration's critical investment initiatives, including the New Markets Initiative, Regional Connections, Regional Empowerment Zones, and the redevelopment of abandoned buildings. In addition, the bill also under-funds Administration priorities such as the Corporation for National and Community Service, Revitalization of Distressed Public Housing (HOPE VI), Neighborhood Reinvestment Corporation, Community Development Financial Institutions (CDFI), Brownfields redevelopment, Community Empowerment Fund, and Housing Opportunities for Persons With AIDS (HOPWA). Finally, the Administration would like to work with the Congress to secure the funding requested for the Round II Empowerment Zone program.

The Administration strongly opposes the Committee's $186 million reduction to the request for the Environmental Protection Agency's (EPA) Operating Programs, including the $114 million cut to the Climate Change Technology Initiative (CCTI), elimination of funding for the Montreal Protocol, and the $35 million cut in personnel costs. The Administration also opposes the $100 million reduction to Superfund and the elimination of funding for the Clean Air Partnership Fund. In addition to these severe reductions, the Administration opposes spending $197 million on the 123 earmarked projects in the Committee bill, which were not requested by the President and would come at the expense of important environmental programs. These reductions would severely hamper EPA's efforts to protect public health and the environment and should be restored.

The Administration strongly opposes the Committee's failure to fund the request for $2.5 billion in contingent emergency funding for the Federal Emergency Management Agency's (FEMA's) disaster relief fund. This reduction would hinder FEMA's ability to respond quickly and appropriately to disasters as they occur.

Detailed discussions of certain of these issues, as well as additional Administration concerns with the Committee bill, are provided in the attachment. We look forward to working with the Congress to address our mutual concerns.

October 20, 1999

(Senate)

S. 1692 - Partial-Birth Abortion Ban Act of 1999

(Sen. Santorum (R) PA and 43 cosponsors)

S. 1692 contains the same serious flaws as H.R. 1833 and H.R. 1122, virtually identical bills that were passed during the 104th and 105th Congresses and vetoed by the President on April 10, 1996, and October 10, 1997, respectively.

The President will veto S. 1692 for the reasons he expressed in his veto message of April 10, 1996, which is attached.

March 29, 2000
(House Rules)

H.R. 7 - Education Savings and School Excellence Act of 2000
(Hulshof (R) Missouri and 46 cosponsors)

If H.R. 7 were presented to the President, the Secretaries of the Treasury and Education would recommend that he veto the bill. In 1998, the President vetoed legislation -- H.R. 2646, the "Education Savings and School Excellence Act of 1998" -- that included provisions similar to those contained in H.R. 7. At that time, the President described the bill's modifications to Education IRAs as bad education policy and bad tax policy. H.R. 7 is equally flawed.
Both the Senate and the House have already passed other costly tax cut legislation this year. The Administration is concerned that piecemeal enactment of significant unpaid-for tax cut bills outside of an overall fiscal framework will threaten to undermine Social Security, Medicare and debt reduction, and impair the Federal Government?s ability to address other important national priorities.

Every American child deserves a high-quality elementary and secondary education. The President's FY 2001 Budget contains a series of education tax initiatives, including a College Opportunity tax cut to defray the cost of higher education for families, and tax-credit bonds to assist State and local governments in meeting the cost of financing construction, rehabilitation, or repair of public schools.

H.R. 7 fails to advance education reform and distracts from the need to invest in public schools, where the vast majority of the Nation?s students learn. It does nothing to reduce class size, improve teacher quality, or help students meet high academic standards. In addition, the provisions to repair or modernize schools are woefully inadequate. Targeting limited Federal resources toward building stronger public schools will help ensure that all our Nation's children receive the education they need to become productive citizens. H.R. 7 would divert needed resources away from public schools.

H.R. 7 would disproportionately benefit the most affluent families and provide little benefit to lower- and middle-income families. Moreover, given the expansion of tax-preferred savings vehicles in the Taxpayer Relief Act of 1997, which the Administration supported, further increasing the contribution limits for Education IRAs is unlikely to provide significant additional incentives for families to increase their savings for educational purposes. Instead, H.R. 7 would reward many families, particularly those with substantial incomes, for what they may already do.

H.R. 7 would also create significant compliance problems. The bill permits tax-free withdrawals from Education IRAs for, among other things, tuition, fees, academic tutoring, special needs services, books, room and board, and supplies and equipment expenses incurred in connection with enrollment or attendance in public or private elementary or secondary schools. Distinguishing between withdrawals that should not be subject to tax and those that should will add significant record-keeping requirements for

families and schools and will lead to frequent disputes about the use of the withdrawals for discretionary purchases.

H.R. 7 also would liberalize the tax-exempt bond arbitrage rebate exceptions for public school construction bonds. Increasing the current-law two-year expenditure exception to the arbitrage rebate requirement to four years would not address the needs for the construction, rehabilitation, or repair of public schools. This proposal would only encourage delayed construction and riskier investment strategies for a minimal gain in construction. The Administration strongly supports the school modernization tax credit proposal that was included in the alternative offered by Representatives Johnson and Rangel which would provide for the issuance of $25 billion in tax credit bonds for school construction. The Administration would ask that the House Rules Committee make in order the Johnson-Rangel amendment for floor consideration.

H.R. 7 would reduce Federal receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. In addition, without any further action to provide offsets, H.R. 7 could contribute to a sequester of mandatory spending.

June 7, 2000
(House Rules)

H.R. 8 - Death Tax Elimination Act of 2000
(Dunn (R) Washington and 241 cosponsors)

The Administration strongly opposes H.R. 8, which would repeal the estate and gift taxes. Repeal of these taxes would be fiscally unwise, would reduce the overall fairness and progressivity of the tax system, and would harm charitable giving. The President would veto this legislation repealing the estate and gift taxes if it were presented to him.

The Administration believes that such a tax reduction would harm the important priorities of maintaining fiscal discipline, paying down the national debt, extending the solvency of Medicare and Social Security, and maintaining core government functions such as education and fighting crime. The Administration estimates that this legislation, when fully phased in, would cost close to $50 billion annually, far more than the stated costs of the bill, because most of the cost is delayed to beyond the five-year budget window.

While the Administration supports appropriately targeted estate tax relief for small business and family farms, less than 10 percent of the tax relief provided under this measure accrues to these important sectors of the Nation's economy. Only the wealthiest two percent of all estates pay any estate tax at all. The estate tax promotes the integrity and fairness of the overall tax system by acting as a backstop to the income tax, ensuring that even income on which income tax is deferred or avoided is ultimately subject to at least some tax. In addition, recent studies suggest that repeal of the estate tax could reduce charitable gifts and bequests by close to $6 billion annually.

The Administration worked with the Congress in 1997 to lift the burden of the estate tax on the vast majority of small businesses and family farms. The Taxpayer Relief Act of 1997 raised the effective deduction for qualified family-owned business interests to $1.3 million ($2.6 million for a couple), which exempts almost all family farms and small businesses from the estate tax. Current law also allows small businesses and farms to exclude part of the value of real property used in their operations. Those few businesses and farms that are subject to this tax can pay it in installments over 14 years at below-market interest rates.

The Administration would be pleased to work with the Congress to continue to help relieve the estate tax burden on small businesses and family farms, and to make the estate tax simpler and fairer in a fiscally responsible way.

Pay-As-You-Go Scoring

H.R. 8 would affect receipts; therefore, it is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. The Administration has not yet completed its estimates of the costs of the bill; however, based on estimates of revenue

losses made by the Joint Committee on Taxation, the absence of any offsets could cause a sequester of Federal resources.

June 8, 2000
(House)

H.R. 8 - Death Tax Elimination Act of 2000
(Dunn (R) Washington and 241 cosponsors)

The Administration strongly opposes H.R. 8, which would repeal the estate and gift taxes. Repeal of these taxes would be fiscally unwise, would reduce the overall fairness and progressivity of the tax system, and would harm charitable giving. The President would veto this legislation repealing the estate and gift taxes if it were presented to him.

The Administration believes that such a tax reduction would harm the important priorities of maintaining fiscal discipline, paying down the national debt, extending the solvency of Medicare and Social Security, and maintaining core government functions such as education and fighting crime. The Administration estimates that this legislation, when fully phased in, would cost close to $50 billion annually, far more than the stated costs of the bill, because most of the cost is delayed to beyond the first five years.

While the Administration supports appropriately targeted estate tax relief for small business and family farms, a tiny fraction of the tax relief provided under this measure accrues to these important sectors of the Nation's economy. Only the wealthiest two percent of all estates pay any estate tax at all. The estate tax promotes the integrity and fairness of the overall tax system by acting as a backstop to the income tax, ensuring that even income on which income tax is deferred or avoided is ultimately subject to at least some tax. In addition, recent studies suggest that repeal of the estate tax could reduce charitable gifts and bequests by close to $6 billion annually.

The Administration worked with the Congress in 1997 to lift the burden of the estate tax on the vast majority of small businesses and family farms. The Taxpayer Relief Act of 1997 raised the effective deduction for qualified family-owned business interests to $1.3 million ($2.6 million for a couple), which exempts almost all family farms and small businesses from the estate tax. Current law also allows small businesses and farms to exclude part of the value of real property used in their operations. Those few businesses and farms that are subject to this tax can pay it in installments over 14 years at below-market interest rates.

The Administration would be pleased to work with the Congress to continue to help relieve the estate tax burden on small businesses and family farms, and to make the estate tax simpler and fairer in a fiscally responsible way. The Administration believes the Democratic alternative, which would reduce rates, increase the unified credit, and close loopholes, offers fair relief in a fiscally responsible manner. In addition, the Administration would support relief targeted at the estate tax burden attributable to appreciation in long-held principal residences. The Administration would support these proposals as part of a balanced framework that pays down debt, strengthens Social Security and Medicare, provides tax relief to middle-income families, and funds critical initiatives.

Pay-As-You-Go Scoring

H.R. 8 would affect receipts; therefore, it is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. The Administration has not yet completed its estimates of the costs of the bill; however, based on estimates of revenue losses made by the Joint Committee on Taxation, the absence of any offsets could cause a sequester of Federal resources.

July 11, 2000
(Senate)

H.R. 8 - Death Tax Elimination Act of 2000
(Dunn (R) Washington and 244 cosponsors)
The Administration strongly opposes H.R. 8, which would repeal the estate and gift taxes. Repeal of these taxes would be fiscally unwise, would reduce the overall fairness and progressivity of the tax system, and would harm charitable giving. The President would veto this legislation repealing the estate and gift taxes if it were presented to him.

The Administration believes that such a tax reduction would harm the important priorities of maintaining fiscal discipline, paying down the national debt, extending the solvency of Medicare and Social Security, and maintaining core government functions such as education and fighting crime. It is dangerously backloaded. This legislation would cost close to $50 billion when fully phased in 2011, and would cost more than $750 billion between 2011 and 2020 as the baby boom generation starts to retire. Resources devoted to the repeal of the estate tax would not be available to pay down the debt or fortify Social Security and Medicare.

The Administration supports efforts to appropriately target estate tax relief, particularly for small business, family farms, and principal residences. However, full repeal of the estate tax would undermine fairness in the tax system. Only the wealthiest two percent of estates pay any tax, and nearly half of estate tax revenue comes from the top 1 in 1,000 estates. In addition, recent studies suggest that repeal of the estate tax could reduce charitable gifts and bequests by close to $6 billion annually.

The Administration worked with the Congress in 1997 to lift the burden of the estate tax on the vast majority of small businesses and family farms. The Administration would be pleased to work with the Congress to continue to help relieve the estate tax burden on small businesses, family farms, and principal residences, and to make the estate tax simpler and fairer in a fiscally responsible way. The Administration understands that a Democratic alternative will be offered to advance these goals. The Administration would support these proposals as part of a balanced framework that pays down debt, strengthens Social Security and Medicare, provides tax relief to middle-income families, and funds critical initiatives.

Pay-As-You-Go Scoring

H.R. 8 would affect receipts; therefore, it is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. The magnitude of the proposed tax cut ($2.5 billion in FY 2001, according to the Treasury Department) and the absence of any offsets could cause a significant sequester of Federal resources.

October 31, 2000
(House)

H.R. 207 - Federal Physicians Comparability Allowance
Amendments of 2000
(Rep. Morella (R) Maryland and 25 cosponsors)
The Administration supports reauthorization of the physician comparability allowances (PCA) program, which expired on September 30, 2000. These allowances are payments made by Federal agencies to physicians on top of a eligible physicians' base salary in return for service agreements where physicians agree to continue employment with their agency for a specified time period.

However, the Administration opposes the provision of H.R. 207 that would set a costly and undesirable precedent for the treatment of retention allowances, non-foreign area cost-of-living allowances, and other periodic payments which are not considered basic pay for retirement purposes. Furthermore, the Administration would prefer the three to five year extension as contained in the Administration's bill to allow for periodic review of the authority's effectiveness.

Pay-As-You-Go Scoring

H.R. 207 would affect direct spending; therefore, it is subject to the pay-as-you-go (PAYGO) requirements of the Omnibus Budget Reconciliation Act of 1990. OMB's estimate is under development.

May 10, 2000
(House Rules)

H.R. 853 - Comprehensive Budget Process Reform Act of 2000
(Nussle (R) Iowa and 32 cosponsors)

The Administration supports budget process reform as part of a fiscally responsible budget framework. The President's Budget for Fiscal Year 2001 proposes such a framework that includes tools for ensuring continued fiscal discipline. It includes proposals to: strengthen the long-term solvency of Social Security and Medicare; eliminate the publicly-held debt by 2013; provide tax relief; and maintain budget discipline through extension of the discretionary spending limits and the paygo rules and through establishment of a mechanism to ensure that Social Security surpluses are not used for other purposes. If Congress desires to consider broad budget process reform, these proposals would help to preserve fiscal discipline in an era of surplus.

Base Text of H.R. 853

The Administration has serious concerns about a number of provisions in H.R. 853.

The proposed emergency reserve fund would constrain the flexibility that Congress and the President need to respond to unpredictable and unforeseeable national emergencies. By attempting to provide for an "average" level of emergencies, the provision would make it more difficult to respond to truly large emergencies, while at the same time encouraging spending of the full reserve even when circumstances fail to warrant it. The provision also creates new procedural hurdles for emergency spending that could hinder the Nation's ability to respond to natural disasters and other urgent and pressing needs in a timely manner. Finally, under current law, emergency spending requires a designation by both Congress and the President. The new reserve fund for emergencies would take away the need for the President's designation of emergency spending. This removes an existing constraint on emergency spending that helps limit abuses of the emergency designation.

Adequate models to estimate risk-assumed cost for insurance program budgeting do not yet exist. Although the proposal is theoretically attractive, it would be difficult to implement this title in the envisioned timeframe -- and once used for budgeting, it would be difficult to reverse. The Administration notes that, in parallel with credit programs, consistent, quality estimates would require OMB and CBO access to and review of the data and models, including data which are not public.

Finally, the legislation includes provisions designed to encourage use of a freeze baseline. By understating the cost of simply maintaining current program levels, using a freeze baseline to project future budget surpluses and deficits would threaten fiscal discipline and put the surplus at risk. It would also inappropriately constrain consideration of future

policy options. Further, the President's budget already includes information on the prior year's spending, information that is important for policymakers to consider.

We also note that, by having a joint budget resolution revert to a concurrent resolution after a veto, the fallback provisions would limit the resolution's ability to actually expedite the budget process during years when the President and Congress have serious differences. Those are the very years in which early agreement might be helpful in facilitating timely completion of the budget and appropriations process.

Biennial Budgeting Amendment

The Administration understands that the Rules Committee intends to make in order a biennial budgeting amendment to H.R. 853. The Administration supports biennial budgeting and would support effective biennial budgeting legislation. The Administration has testified on several occasions in support of biennial budgeting and has included language supporting the concept in the President's Budget. The Administration believes it offers a potentially valuable management tool. By concentrating budget decisions in the first year of each two-year period, biennial budgeting would free up time in the second year that could be redirected to management, long-range planning, and oversight.

However, the Administration is concerned that the proposed amendment may require further refinement. The sponsors of the amendment deserve credit for seeking to address the transition issue and delaying the effective date to make biennial budgeting more feasible to implement in a new Administration. The Administration looks forward to carefully examining this and other possible transition approaches. Several other issues also deserve close attention. The amendment calls for the President to provide budget updates in February of the "off" year, in addition to the existing summer mid-session reviews. However, it provides no process for congressional consideration of any proposed changes. Such a process could lay a foundation for orderly review of additional supplemental requests and prevent the supplemental appropriations from becoming a drawn out and expansive process. Moreover, there would be a need for greater Executive Branch flexibility in managing resources in response to changing circumstances over the longer time horizon. These issues all relate to the need for the branches to work closely together in order to effectively implement biennial budgeting. The Administration looks forward to working with Congress as the legislative process continues in order to craft effective and workable legislation.

Other Possible Amendments

Biennial budgeting would be a significant change in how Congress and the Administration produce budgets and appropriations bills. It should be considered carefully on its own merits and not be used as a vehicle to carry other, more controversial or partisan budget process changes. The Rules Committee may be asked to make floor amendments in order to add several such provisions to the bill. Proposals to: establish a lockbox for funds cut from appropriations bills; weaken the paygo rules by providing an exception during periods of on-budget surplus; or establish an automatic continuing

resolution to cover lapses in appropriations, could all do more to weaken than to strengthen fiscal discipline. If these provisions are restored to H.R. 853, the President's senior advisers would recommend that he veto the legislation.

May 16, 2000
(House)

H.R. 853 - Comprehensive Budget Process Reform Act of 2000
(Nussle (R) Iowa and 32 cosponsors)

The Administration supports budget process reform as part of a fiscally responsible budget framework. The President's Budget for Fiscal Year 2001 proposes such a framework that includes tools for ensuring continued fiscal discipline. It includes proposals to: strengthen the long-term solvency of Social Security and Medicare; eliminate the publicly-held debt by 2013; provide tax relief; and maintain budget discipline through extension of the discretionary spending limits and the paygo rules and through establishment of a mechanism to ensure that Social Security surpluses are not used for other purposes. If Congress desires to consider broad budget process reform, these proposals would help to preserve fiscal discipline in an era of surplus.

Base Text of H.R. 853

The Administration has serious concerns about a number of provisions in H.R. 853.

The proposed emergency reserve fund would constrain the flexibility that Congress and the President need to respond to unpredictable and unforeseeable national emergencies. By attempting to provide for an "average" level of emergencies, the provision would make it more difficult to respond to truly large emergencies, while at the same time encouraging spending of the full reserve even when circumstances fail to warrant it. The provision also creates new procedural hurdles for emergency spending that could hinder the Nation's ability to respond to natural disasters and other urgent and pressing needs in a timely manner. Finally, under current law, emergency spending requires a designation by both Congress and the President. The new reserve fund for emergencies would take away the need for the President's designation of emergency spending. This change would remove an existing constraint on emergency spending that helps limit abuses of the emergency designation.

This bill would establish a timetable for the implementation of accrual budgeting for Federal insurance programs. Adequate models to estimate risk-assumed cost for insurance program budgeting do not yet exist. Although the proposal is theoretically attractive, it would be difficult to implement this title in the envisioned timeframe -- and once used for budgeting, it would be difficult to reverse. The Administration notes that, in parallel with credit programs, consistent, quality estimates would require OMB and CBO access to and review of the data and models, including data which are not public. In addition, the suitability and impact of the provisions for each individual Federal insurance program deserve careful consideration before implementing accrual budgeting.

Finally, the legislation includes provisions designed to encourage use of a freeze baseline. By understating the cost of simply maintaining current program levels, using a freeze

baseline to project future budget surpluses and deficits would threaten fiscal discipline and put the surplus at risk. It would also inappropriately constrain consideration of future policy options. Further, the President's budget already includes information on the prior year's spending, information that is indisputably important for policymakers to consider.

The Administration also notes that, by having a joint budget resolution revert to a concurrent resolution after a veto, the fallback provisions would limit the resolution's ability to actually expedite the budget process during years when the President and Congress have serious differences. Those are the very years in which early agreement might be helpful in facilitating timely completion of the budget and appropriations process.

Biennial Budgeting Amendment

The Administration supports biennial budgeting and would support effective biennial budgeting legislation. The Administration has testified on several occasions in support of biennial budgeting and has included language supporting the concept in the President's Budget. The Administration believes it offers a potentially valuable management tool. By concentrating budget decisions in the first year of each two-year period, biennial budgeting would free up time in the second year that could be redirected to management, long-range planning, and oversight.

However, the Administration is concerned that the proposed amendment may require further refinement. The sponsors of the amendment deserve credit for seeking to address the transition issue and delaying the effective date to make biennial budgeting more feasible to implement in a new Administration. The Administration looks forward to carefully examining this and other possible transition approaches.

Several other issues also deserve close attention. Under biennial budgeting, there would be a need for greater Executive Branch flexibility in managing resources in response to changing circumstances over the longer time horizon. In addition, the amendment calls for the President to provide budget updates in February of the "off" year, in addition to the existing summer mid-session reviews. However, it provides no process for congressional consideration of any changes proposed in these updates. Such a process could lay a foundation for orderly review of additional supplemental requests and prevent the supplemental appropriations from becoming a drawn out and expansive process.

These issues all relate to the need for the branches to work closely together in order to effectively implement biennial budgeting. The Administration looks forward to working with Congress as the legislative process continues in order to craft effective and workable legislation.

Other Amendments

Biennial budgeting would be a significant change in how Congress and the Administration produce budgets and appropriations bills. It should be considered

carefully on its own merits and not be used as a vehicle to carry other, more controversial or partisan budget process changes. Several such amendments will be considered on the floor, including proposals to: establish an automatic continuing resolution to cover lapses in appropriations; weaken the paygo rules by providing an exception during periods of on-budget surplus; and establish a lockbox for funds cut from appropriations bills. Each of these proposals would weaken rather than strengthen fiscal discipline. If any of these amendments are included in H.R. 853, the President's senior advisers would recommend that he veto the legislation.

An automatic continuing resolution would allow Congress to keep appropriations on autopilot simply through inaction. It would undermine the ability of Congress to respond to a changing world by substituting an automatic funding mechanism for the hard work and judgment that results from bicameral action and presidential approval. By making inaction on the part of Congress a feasible outcome, an automatic continuing resolution would encourage minorities of the Senate who oppose a pending spending cut or increase to simply filibuster and block the relevant appropriations bill, even if the change is supported by clear majorities of both chambers and the President.

Relaxing the paygo rules to allow on-budget surpluses to be used to finance mandatory spending or revenue legislation clearly relaxes fiscal discipline. Further, the proposal would require an unrealistic sequester to restore on-budget balance if the surplus estimates used at the time spending or revenue legislation was enacted does not materialize. Accommodating specific proposals that are part of a fiscally responsible approach to long-term needs, such as the overall framework proposed in the President's FY 2001 Budget, is very different than generally eliminating this important tool for fiscal discipline. Suspending paygo as a general rule would encourage a rush to spend the surplus before another bill is enacted that uses the funds to finance other priorities. The surplus would not last long under such procedures.

The appropriations lockbox could allow either the House or Senate to unilaterally lower total discretionary spending levels previously agreed upon by both chambers, or even by both chambers and the Executive Branch. This could weaken fiscal discipline by producing limits so low that Congress seeks to evade them with various gimmicks rather than abide by them. It could make it much more difficult for the two chambers to resolve differences between their allocations for an appropriations bill, further slowing down the appropriations process.

January 31, 2000
(House Rules)

H.R. 1838 - Taiwan Security Enhancement Act of 1999
(Delay (R) TX and 81 cosponsors)

The Administration strongly opposes H.R. 1838 because it would seriously diminish Taiwan's security and undermine the important U.S. objective of stability in Asia. If H.R. 1838 were presented to the President in its current form, his senior advisers would recommend that it be vetoed.
This bill would mandate a number of new security and military arrangements with Taiwan that could create dangerous, false, and inaccurate expectations on both sides of the Taiwan Strait. Movement toward a more formal military relationship also could have other serious unintended negative consequences, such as diminishing prospects for cross-Strait dialogue and the peaceful resolution of differences. In addition, several of the bill's provisions (sections 4(b), 5(b), and 5(d)) raise constitutional concerns because they interfere with the President's broad authority to control the disclosure of information about foreign negotiations and other sensitive national security and foreign relations information, his authority as Commander-in-Chief, and his ability to carry out his responsibilities for the conduct of the nation's foreign relations.

The Administration remains firmly committed to fulfilling the security and arms transfer provisions of the Taiwan Relations Act, which helps to ensure the security of Taiwan. At the same time, we continue to press the People's Republic of China to exercise restraint on military deployments, make progress in cross-Strait dialogue, and initiate confidence-building measures with Taiwan.

February 1, 2000
(House)

H.R. 1838 - Taiwan Security Enhancement Act of 1999
(Delay (R) TX and 81 cosponsors)

The Administration strongly opposes H.R. 1838 because it would seriously diminish Taiwan's security and undermine the important U.S. objective of stability in Asia. If H.R. 1838 were presented to the President in its current form, his senior advisers would recommend that it be vetoed.
This bill would mandate a number of new security and military arrangements with Taiwan that could create dangerous, false, and inaccurate expectations on both sides of the Taiwan Strait. Movement toward a more formal military relationship also could have other serious unintended negative consequences, such as diminishing prospects for cross-Strait dialogue and the peaceful resolution of differences. In addition, several of the bill's provisions (sections 4(b), 5(b), and 5(d)) raise constitutional concerns because they interfere with the President's broad authority to control the disclosure of information about foreign negotiations and other sensitive national security and foreign relations information, his authority as Commander-in-Chief, and his ability to carry out his responsibilities for the conduct of the nation's foreign relations.

The Administration remains firmly committed to fulfilling the security and arms transfer provisions of the Taiwan Relations Act, which helps to ensure the security of Taiwan. At the same time, we continue to press the People's Republic of China to exercise restraint on military deployments, make progress in cross-Strait dialogue, and initiate confidence-building measures with Taiwan.

February 1, 2000
(House Rules)

H.R. 2005 - Workplace Goods Job Growth and
Competitiveness Act of 1999
(Chabot (R) Ohio and 6 cosponsors)

The Administration strongly opposes H.R. 2005. If the bill were presented to the President, his senior advisers would recommend that he veto it. H.R. 2005 would adopt a national 18-year statute of repose for "durable goods," which includes any product used by a business, trade, or government that is expected to last more than three years. H.R. 2005 would, in most cases, bar the courtroom doors to any person or business seeking to recover for personal injury or property damage caused by a defective durable good if that product is more than 18 years old.
The proponents of H.R. 2005 argue that manufacturers of old machinery too often are compelled to settle suits for harm to workers or property from durable goods, although they should prevail on the merits, in order to avoid the costs of litigation. The Administration supports efforts to eliminate frivolous lawsuits, but does not believe that a Federally enacted bar of all lawsuits involving older machinery is the solution. H.R. 2005 will cut off legitimate lawsuits along with frivolous ones, and this flat denial of court access will fall most heavily on American workers -- the ones most likely to be injured by older, defective machinery. The scope of the bill's bar on personal injury lawsuits is also unprecedented -- it reaches all "civil actions" (not just product liability suits), and does not give workers injured in a machine's 18th year any extension of time to prepare their lawsuit. In addition, H.R. 2005 would preempt State tort law, an area of policy-making that has traditionally been left to the States.

H.R. 2005 would do more than harm injured workers, however. H.R. 2005 would also harm the American businesses, particularly small businesses, that it purports to protect. The bill's bar on lawsuits for property damage is even more onerous than its bar on lawsuits for personal injury damage. The personal injury bar has narrow exceptions for persons who are not already covered by worker's compensation or who suffer "toxic harm," but the property damage bar is absolute. Thus, for example, H.R. 2005 would seem to bar all lawsuits for the removal of asbestos and lead paint, both of which are products used by businesses, expected to last more than three years, and installed more than 18 years ago. As a result, this bill would leave American businesses seeking remediation and removal of these hazardous materials from their buildings without any legal recourse in all 50 States. Its impact would fall hardest upon small businesses and individuals, those least able to shoulder the costs of remediation themselves. Further, H.R. 2005 appears to preclude Federal and State public health and environment enforcement actions related to property damage. No sufficient reason has been advanced to justify this broad extinguishment of legal liability and its resulting impact on Government and businesses -- both large and small.

Because H.R. 2005 would work a radical shift in the allocation of tort liability, to the detriment of American businesses and workers alike, the Administration strongly opposes its passage.

February 2, 2000
(House)

H.R. 2005 - Workplace Goods Job Growth
and Competitiveness Act of 1999
(Chabot (R) Ohio and 6 cosponsors)

The Administration strongly opposes H.R. 2005. If the bill were presented to the President, his senior advisers would recommend that he veto it. H.R. 2005 would adopt a national 18-year statute of repose for "durable goods," which includes any product used by a business, trade, or government that is expected to last more than three years. H.R. 2005 would, in most cases, bar the courtroom doors to any person or business seeking to recover for personal injury or property damage caused by a defective durable good if that product is more than 18 years old.
The proponents of H.R. 2005 argue that manufacturers of old machinery too often are compelled to settle suits for harm to workers or property from durable goods, although they should prevail on the merits, in order to avoid the costs of litigation. The Administration supports efforts to eliminate frivolous lawsuits, but does not believe that a Federally enacted bar of all lawsuits involving older machinery is the solution. H.R. 2005 will cut off legitimate lawsuits along with frivolous ones, and this flat denial of court access will fall most heavily on American workers -- the ones most likely to be injured by older, defective machinery. The scope of the bill's bar on personal injury lawsuits is also unprecedented -- it reaches all "civil actions" (not just product liability suits), and does not give workers injured in a machine's 18th year any extension of time to prepare their lawsuit. In addition, H.R. 2005 would preempt State tort law, an area of policy-making that has traditionally been left to the States.

H.R. 2005 would do more than harm injured workers, however. H.R. 2005 would also harm the American businesses, particularly small businesses, that it purports to protect. The bill's bar on lawsuits for property damage is even more onerous than its bar on lawsuits for personal injury damage. The personal injury bar has narrow exceptions for persons who are not already covered by worker's compensation or who suffer "toxic harm," but the property damage bar is absolute. Thus, for example, H.R. 2005 would seem to bar all lawsuits for the removal of asbestos and lead paint, both of which are products used by businesses, expected to last more than three years, and installed more than 18 years ago. As a result, this bill would leave American businesses seeking remediation and removal of these hazardous materials from their buildings without any legal recourse in all 50 States. Its impact would fall hardest upon small businesses and individuals, those least able to shoulder the costs of remediation themselves. Further, H.R. 2005 appears to preclude Federal and State public health and environment enforcement actions related to property damage. No sufficient reason has been advanced to justify this broad extinguishment of legal liability and its resulting impact on Government and businesses -- both large and small.

Because H.R. 2005 would work a radical shift in the allocation of tort liability, to the detriment of American businesses and workers alike, the Administration strongly opposes its passage.

February 14, 2000
(House)

H.R. 2366 - Small Business Liability Reform Act of 2000
(Rogan (R) CA and 31 cosponsors)

The Administration strongly opposes H.R. 2366. If the bill were presented to the President, his senior advisors would recommend that he veto it.
Despite the narrow scope that its title suggests, H.R. 2366 is a sweeping tort reform measure that amends State liability rules as they apply to businesses both large and small. Title I, "Small Business Lawsuit Abuse Protection," would raise the bar for awarding punitive damages, cap such damages at a maximum of $250,000, and prohibit joint and several liability for plaintiffs seeking to recover for their pain, suffering, and other non-economic harm. These new, Federally-imposed tort rules would apply in nearly any civil action involving a business with fewer than 25 employees, even if the "small business" is doing millions of dollars in business every year. As a result of the bill's incredibly broad scope, H.R. 2366 is likely to strand a large number of injured plaintiffs - individuals and businesses alike - with a less-than-full recovery because of the limits on collecting from other culpable defendants. Even more troubling is that the impact of this bill, and its limitation of joint and several liability for non-economic harm in particular, is likely to fall most harshly on the poor, the elderly, and children - those persons likely to suffer less economic harm and more non-economic harm from the wrongful conduct of others. The limitation on joint and several liability could also severely restrict the government's ability to restore destroyed or injured natural resources under numerous environmental statutes.

The limits placed on the award and amount of punitive damages by H.R. 2366 are equally broad, and may substantially eviscerate Federal and State civil enforcement actions. Title I explicitly applies to actions by government agencies, but only excepts actions under the False Claims Act. Because H.R. 2366 does not define "punitive damages," its limits on such damages could reasonably be read to cap the government's ability to impose civil penalties, civil fines, or treble damages - all of which are punitive in purpose. For example, these limits could affect actions for money laundering, as well as for violations of banking laws, civil racketeering laws, economic sanction laws against terrorist nations, and nearly all environmental statutes. By imposing a uniform standard on the imposition of punitive damages, Title I may also wipe away the strict liability standards under many environmental laws. Both inside and outside the government enforcement context, Title I may encourage the small businesses protected by the bill to engage in reckless or egregious behavior, as long as they factor in the $250,000 price tag of doing so.

Title II of H.R. 2366, "Product Seller Fair Treatment," preempts State products liability law that governs lawsuits by injured consumers against retailers. Unlike Title I, Title II applies to all retailers, not just small business retailers. The sweeping preemption of State law effectuated by H.R. 2366 is unjustified, unnecessary, and, in the Administration's view, unwise.

As the Administration has noted time and again, sweeping Federal intrusion into areas of law traditionally entrusted to the States is warranted only when it is necessary to address a specific and well-documented problem and the proposed Federal response is measured and balanced. H.R. 2366 fails on both accounts, and the Administration accordingly strongly opposes this bill.

March 15, 2000
(House)

H.R. 2372 - Private Property Rights Implementation Act of 2000
(Rep. Canady (R) FL and 112 others)

The Administration strongly opposes H.R. 2372. If the bill were presented to the President, his senior advisers would recommend that he veto it. H.R. 2372 would shift authority over State and local land use issues to Federal courts, creating a threat of expensive litigation that would favor the wealthy developer over the common homeowner. This shift entails radical changes to the existing legal doctrines of ripeness and abstention, and would result in judicial inefficiencies and confusion.
The Administration is fully committed to the protection of private property, including the payment of just compensation under the Fifth Amendment when private property is taken for public use. H.R. 2372, however, would harm neighboring property owners, weaken local public health, safety and environmental protections, and lower the quality of life in a community by undermining the ability of local officials to protect their communities through local land use planning. The changes to "ripeness" and "abstention" doctrines would allow claimants to bring premature and inappropriate lawsuits in Federal court, thereby shifting authority to Federal courts at the expense of State and local officials. The shift could also greatly burden local officials through the threat of premature, expensive litigation.

H.R. 2372 would violate constitutional limits on congressional power if read, as its supporters intend, to allow for a ruling that an uncompensated taking has occurred even when a claimant has declined to pursue available State compensation remedies. The Supreme Court has held that without a denial of compensation by the State court, a takings claim does not exist. Therefore, the very claims that are supposedly being expedited are likely to be dismissed, resulting in increased costs and delayed resolution of the issue.

Aside from the compensation issues, the bill's administrative finality provisions would raise additional concerns. These provisions would supersede existing case law requiring landowners to obtain a final decision from State or local land use officials before suing in Federal court. H.R. 2372 would require Federal courts to decide takings claims without the benefit of adequate factual records, thereby, forcing Federal courts to render poorly informed decisions. As well, this bill would further delay the resolution of pending claims by channeling more lawsuits into already overcrowded Federal courts.

In summary, H.R. 2372 would improperly and seriously interfere with needed property rights protections at all levels of government, especially local protections for neighborhoods and communities.

September 29, 2000
(Senate)

H.R. 2392 - Reauthorization of Small Business
Administration (SBA) Programs
(Rep. Talent (R) Missouri and 4 cosponsors)
The Administration strongly supports reauthorization of the programs of the Small Business Administration, and has no objection to Senate concurrence in the House amendment to H.R. 2392 without further amendment.

However, the Administration would strongly oppose any amendment to H.R. 2392 that would modify the current order of preference in Federal contracting between the "8(a)" program for socially and economically disadvantaged businesses and the HUBZone program for historically underutilized business zones. If H.R. 2392 were presented to the President with such a provision, the SBA Administrator would recommend that he veto it. The Administration supported the HUBZone Program with the understanding that it would not adversely affect the 8(a) Program. Failure to adhere to that understanding would pose a serious risk to the 8(a) Program.

The Administration appreciates the improvements in the "7(a)" guaranteed loan program included in H.R. 2392. The Administration urges Congress to maximize the effect of these improvements by adopting the Administration's proposal to raise the guarantee for loans of less than $150,000 to 90 percent. These changes would ensure that the 7(a) program continues to serve as the gap lender for small businesses most in need of financial assistance.

The Administration will also work with Congress to make the following changes to the bill:

The Administration supports the inclusion of language that specifically authorizes the establishment of Native American Small Business Development Centers (SBDCs). In order to enable the creation of Native American centers given their financial circumstances, the Administrator should also have the authority, if in the best interests of the program, to waive the matching funds requirements for such center. Appropriate language was included in Section 314 of the Administration's proposal.

Consistent with the previous point, modify Section 605 (a) to assure that the Small Business Development Center (SBDC) program retains the flexibility to provide targeted assistance and to respond to needs as they are identified. The Administration believes that the current language of Section 605 (a) would constrain the ability of the SBDC program to address emerging or changing technical assistance needs of small businesses such as programs to provide targeted technical assistance to Native Americans.

Delete language in Title I which could permit participants in the Small Business Innovation Research (SBIR) program to rely solely on Federal funding, rather than being required to develop non-Federal interest and applications for their projects, as is currently the case.

Clarify that the Federal portion of the Federal and State Technology Partnership (FAST) program referred to in Title I will be funded only by appropriations to the Small Business Administration.

Delete language in Title I that would inappropriately blend two programs with distinctly different missions (the SBIR program and the Experimental Program to Stimulate Competitive Research (EPSCoR) programs).

The Administration understands that H.R. 2392 may be amended to incorporate Title IV, "Office of Advocacy of the Small Business Administration;" from H.R. 3843 as ordered reported by the Senate Small Business Committee. If H.R. 2392 is amended to include this provision, the Administration will work with Congress to:

Eliminate constitutional issues involving the separation of powers and presidential authority to appoint and remove officers of the Executive Branch in provisions related to the Office of Advocacy as outlined by the Department of Justice in its April 13th letter to the Chairman of the Senate Small Business Committee.

Ensure that provisions related to the Office of Advocacy retain without change the Chief Counsel's statutory authority to employ and terminate staff positions so that similarly situated excepted service employees across the Federal Government continue to be treated equitably.

Authorize the establishment of Native American Small Business Development Centers (SBDCs), and provide the Administrator the authority, with a showing of good cause, to waive the matching funds requirements for such center.

April 3, 2000
(House Rules)

H.R. 2418 - Organ Procurement and Transplantation
Network Amendments of 2000
(Rep. Bilirakis (R) FL and 86 cosponsors)

The Administration strongly opposes House passage of H.R. 2418, which would reauthorize the National Organ Transplantation Act (NOTA). H.R. 2418 raises serious Constitutional issues, would preserve existing inequities in the organ transplantation system, and could result in potential harm to patients. If H.R. 2418 were presented to the President in its current form, his senior advisers would recommend that he veto the bill.
The effects of the current organ allocation policies established by the Organ Procurement and Transplantation Network (OPTN) are inequitable because patients with similar severities of illness are treated differently, depending on where they may live or at which transplant center they may be listed. For this reason, the Department of Health and Human Services issued regulations, which became effective March 16th, that establish a framework for organ allocation policies, to be developed by the network, that are based on sound medical judgment, and that are fairer and more equitable for all parties.
Unfortunately, H.R. 2418 would not result in a fairer system for all patients in this country. Rather, it is seriously flawed legislation because it:

Does not require the standardization of patient listing practices and broader sharing of organs, two items that the Administration and the Institute of Medicine consider essential to ensuring fairness in the system and optimal outcomes for patients.

Reduces the appropriate Federal role in overseeing the OPTN, despite the recommendation from an independent study required by Congress and conducted by the prestigious Institute of Medicine, that HHS should have the oversight responsibility "to manage the system of organ procurement and transplantation in the public interest, and to ensure public accountability of the system."

Inappropriately grants extraordinary powers to the private sector to approve the Federal contractor that manages the OPTN.

Raises serious constitutional concerns. It is a core constitutional value that politically accountable Executive Branch officers should make the important policy judgments necessary to implement a Federal regulatory scheme. For this reason, the bill's delegation of authority to a private party to establish standards governing organ transplants and transplant providers raises serious separation of powers concerns and would create a significant risk that a court might declare the bill unconstitutional.
The Administration could support the amendment offered by Representatives LaHood, Moakley, Rush, Peterson (John) and others. Similar to the current regulation, it reflects the recommendations made by the Institute of Medicine in its Congressionally mandated study of organ allocation policies and it strikes the proper balance between medical judgments being made by transplant professionals and the need for public accountability

for tax payer funds. It articulates clear principles to guide organ allocation policy, designed to protect the interests of patients. It assures that data necessary to evaluate and improve the organ transplant system are provided to the public. It avoids the serious constitutional problems that are raised with H.R. 2418. Further, it promotes organ donation, the single most important factor in dealing with the shortage of transplantable organs. In sum, if Congress determines that legislation to update the National Organ Transplant Act is desirable, the amendment offered by Representatives LaHood, Moakley, Rush, Peterson (John) and others represents a thoughtful legislative response.

The Administration urges the Congress to develop NOTA reauthorization legislation that better reflects the recommendations of the Institute of Medicine and that results in a fairer transplantation system for all patients in this country and their families.

April 4, 2000
(House)

H.R. 2418 - Organ Procurement and Transplantation
Network Amendments of 2000
(Rep. Bilirakis (R) FL and 86 cosponsors)

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The Administration supports the amendment to be offered by Representatives LaHood, Moakley, Rush, Peterson (John) and others. Similar to the current regulation, it reflects the recommendations made by the Institute of Medicine in its Congressionally mandated study of organ allocation policies and it strikes the proper balance between medical judgments being made by transplant professionals and the need for public accountability

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The Administration urges the Congress to develop NOTA reauthorization legislation that better reflects the recommendations of the Institute of Medicine and that results in a fairer transplantation system for all patients in this country and their families.

March 9, 2000
(House)

HR 3846 - a Bill to Increase the Minimum Wage
(Shimkus (R) Illinois)

H.R. 3081 - the Wage and Employment Growth Act of 1999
(Lazio (R) New York and 9 cosponsors)

If Congress presents the President with legislation that either unacceptably delays a minimum wage increase or contains fiscally irresponsible tax cuts, the President will veto the legislation.
H.R. 3846 - a Bill to Increase the Minimum Wage

Congress should pass a straightforward bill to raise the minimum wage by $1 in two equal steps, as proposed by the President. H.R. 3846, which would extend a minimum wage increase over an additional year, would unacceptably delay the American worker's much-needed pay raise, costing a full-time, year-round worker more than $900 over two years. The Administration strongly supports the Traficant/Martinez amendment which would provide for the two-step increase proposed by the President. The Administration also strongly supports the Castle Amendment which would strike the language allowing states to opt out of the minimum wage increase. The Administration strongly urges Congress to enact a minimum wage bill as proposed by the President, unencumbered by measures that repeal important overtime protections for workers or regressive, fiscally irresponsible tax cuts that threaten Social Security, Medicare, and debt reduction.

A modest increase in the minimum wage of $1 would merely restore the real value of the minimum wage to the 1982 level. Recent history has shown that those who argue that even a reasonable increase in the minimum wage would harm the economy are wrong. Since the last minimum wage increase of 90 cents over two years, enacted in 1996, the unemployment rate has fallen from 5.2 percent to 4.1 percent -- around the lowest in 30 years -- and more than 10 million new jobs have been created. That last minimum wage increase provided a significant incentive to work, contributing to the 44 percent decline in the welfare caseload, and bringing the welfare rolls down to their lowest level in three decades. It also has been a crucial factor in contributing to rising incomes for even the poorest groups, reversing their income declines of the previous decade.

Minimum wage legislation should not be used as a vehicle to repeal important overtime protections for American workers, and the Administration would oppose adding provisions that weaken labor protections. The Administration is concerned about

provisions in the bill that would repeal overtime protections for 1.5 million American sales employees, funeral workers, and computer professionals.

H.R. 3081 - the Wage and Employment Growth Act of 1999

By spending a substantial fraction of the non-Social Security surplus without a balanced framework, the House tax package would threaten the Federal Government's ability to extend the life of Medicare and Social Security and pay down the debt by 2013. Absent an agreement on a balanced framework, a bill composed of these provisions would not meet the pay-as-you-go requirements of the Budget Act, which have helped provide the discipline necessary to bring us from an era of large and growing budget deficits to the potential for substantial surpluses. The bill in its present form contains tax cuts of such magnitude that they would require an unacceptably large automatic sequester of mandatory programs, including Medicare.

The bulk of the tax provisions in H.R. 3081 are directed away from working families, and, whatever their stated intent, would do little to help most small businesses or family farms. For example, the estate tax relief is expensive, provides no benefit to average working Americans, and is poorly targeted to its purported purpose of providing relief for small business owners and family farms, because its three major provisions -- conversion of the unified credit to an exemption, repeal of the surtax, and reduction in top marginal rates -- would provide a disproportionate benefit to the very wealthiest estates.

H.R. 3081 also contains pension provisions that would raise the maximum retirement plan contribution and considered compensation limits for business owners and executives. This provision would weaken the pension anti-discrimination and top-heavy protections for moderate- and lower-income workers. These provisions are regressive, would not significantly increase plan coverage or national savings, and could lead to cuts in retirement benefits for moderate- and lower-income workers while benefits for highly paid executives are maintained or even increased.

Conclusion

The Administration urges the Congress to refrain from passing either a minimum wage increase that would be delayed unacceptably or fiscally irresponsible tax cuts that would threaten Social Security, Medicare, and debt reduction, and are not targeted at the needs of working families. The Congress should pass clean legislation that would raise the minimum wage in two equal steps and increase the rewards for work in a manner that would be good for the country and good for working families who are struggling to make ends meet. The legislation should not be encumbered by provisions that would undermine the minimum wage increase or existing labor protections. And any tax bill passed by the Congress should be fiscally responsible and adhere to a framework that protects the Federal Government's ability to extend the life of Medicare and Social Security and pay down the debt by 2013, such as the Democratic alternative does.

April 3, 2000
(House Rules)

H.R. 3660 - Partial-Birth Abortion Act of 2000
(Rep. Canady (R) FL and 116 cosponsors)

H.R. 3660 contains the same serious flaws as H.R. 1833 and H.R. 1122, virtually identical bills that were passed during the 104th and 105th Congresses and vetoed by the President on April 10, 1996, and October 10, 1997, respectively.
The President will veto H.R. 3660 for the reasons he expressed in his veto messages of April 10, 1996, and October 10, 1997, which are attached.

April 5, 2000
(House)

H.R. 3660 - Partial-Birth Abortion Act of 2000
(Rep. Canady (R) FL and 116 cosponsors)

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The President will veto H.R. 3660 for the reasons he expressed in his veto messages of April 10, 1996, and October 10, 1997, which are attached.

March 8, 2000
(House Rules)

HR 3833 - Minimum Wage Increase
(Shimkus (R) Illinois)

H.R. 3832 - Small Business Tax Fairness Act
(Archer (R) Texas)

If Congress presents the President with legislation that either unacceptably delays a minimum wage increase or contains fiscally irresponsible tax cuts, the President will veto the legislation.
H.R. 3833 - Minimum Wage Increase

Congress should pass a straightforward bill to raise the minimum wage by $1 in two equal steps, as proposed by the President. H.R. 3833, which would extend a minimum wage increase over a three-year period, would unacceptably delay the American worker's much-needed pay raise, costing a full-time, year-round worker more than $900 over two years. The Administration strongly urges Congress to enact a minimum wage bill as proposed by the President, unencumbered by measures that repeal important overtime protections for workers or regressive, fiscally irresponsible tax cuts that threaten Social Security, Medicare, and debt reduction.

A modest increase in the minimum wage of $1 would merely restore the real value of the minimum wage to the 1982 level. Recent history has shown that those who argue that even a reasonable increase in the minimum wage would harm the economy are wrong. Since the last minimum wage increase of 90 cents over two years, enacted in 1996, the unemployment rate has fallen from 5.2 percent to 4.1 percent -- around the lowest in 30 years -- and more than 10 million new jobs have been created. That last minimum wage increase provided a significant incentive to work, contributing to the 44 percent decline in the welfare caseload, and bringing the welfare rolls down to their lowest level in three decades. It also has been a crucial factor in contributing to rising incomes for even the poorest groups, reversing their income declines of the previous decade.

Minimum wage legislation should not be used as a vehicle to repeal important overtime protections for American workers, and the Administration would oppose adding such provisions. For example, the Administration is concerned about provisions in the bill that would repeal overtime protections for 1.5 million American sales employees, funeral workers, and computer professionals.

H.R. 3832 - Small Business Tax Fairness Act

By spending a substantial fraction of the non-Social Security surplus without a balanced framework, the House tax package would threaten the Federal Government's ability to extend the life of Medicare and Social Security and pay down the debt by 2013. Absent an agreement on a balanced framework, a bill composed of these provisions would not meet the pay-as-you-go requirements of the Budget Act, which have helped provide the discipline necessary to bring us from an era of large and growing budget deficits to the potential for substantial surpluses. The bill in its present form contains tax cuts of such magnitude that they would require an unacceptably large automatic sequester of mandatory programs, including Medicare.

The bulk of the tax provisions in H.R. 3832 are directed away from working families, and, whatever their stated intent, would do little to help most small businesses or family farms. For example, the estate tax relief is expensive, provides no benefit to average working Americans, and is poorly targeted to its purported purpose of providing relief for small business owners and family farms, because its three major provisions -- conversion of the unified credit to an exemption, repeal of the surtax, and reduction in top marginal rates -- would provide a disproportionate benefit to the very wealthiest estates.

H.R. 3832 also contains pension provisions that would raise the maximum retirement plan contribution and considered compensation limits for business owners and executives. This provision would weaken the pension anti-discrimination and top-heavy protections for moderate- and lower-income workers. These provisions are regressive, would not significantly increase plan coverage or national savings, and could lead to cuts in retirement benefits for moderate- and lower-income workers while benefits for highly paid executives are maintained or even increased.

Conclusion

The Administration urges the Congress to refrain from passing either a minimum wage increase that would be delayed unacceptably or fiscally irresponsible tax cuts that would threaten Social Security, Medicare, and debt reduction, and are not targeted at the needs of working families. The Congress should pass clean legislation that would raise the minimum wage by $1 over two years and that would increase the rewards for work in a manner that would be good for the country and good for working families who are struggling to make ends meet. The legislation should not be encumbered by provisions that are unrelated to this increase or that would undermine existing labor protections. And any tax bill passed by the Congress should be fiscally responsible and adhere to a framework that protects the Federal Government's ability to extend the life of Medicare and Social Security and pay down the debt by 2013, such as the Democratic alternative does.

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The bulk of the tax provisions in H.R. 3832 are directed away from working families, and, whatever their stated intent, would do little to help most small businesses or family farms. For example, the estate tax relief is expensive, provides no benefit to average working Americans, and is poorly targeted to its purported purpose of providing relief for small business owners and family farms, because its three major provisions -- conversion of the unified credit to an exemption, repeal of the surtax, and reduction in top marginal rates -- would provide a disproportionate benefit to the very wealthiest estates.

H.R. 3832 also contains pension provisions that would raise the maximum retirement plan contribution and considered compensation limits for business owners and executives. This provision would weaken the pension anti-discrimination and top-heavy protections for moderate- and lower-income workers. These provisions are regressive, would not significantly increase plan coverage or national savings, and could lead to cuts in retirement benefits for moderate- and lower-income workers while benefits for highly paid executives are maintained or even increased.

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March 9, 2000
(House)

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Congress should pass a straightforward bill to raise the minimum wage by $1 in two equal steps, as proposed by the President. H.R. 3846, which would extend a minimum wage increase over an additional year, would unacceptably delay the American worker's much-needed pay raise, costing a full-time, year-round worker more than $900 over two years. The Administration strongly supports the Traficant/Martinez amendment which would provide for the two-step increase proposed by the President. The Administration also strongly supports the Castle Amendment which would strike the language allowing states to opt out of the minimum wage increase. The Administration strongly urges Congress to enact a minimum wage bill as proposed by the President, unencumbered by measures that repeal important overtime protections for workers or regressive, fiscally irresponsible tax cuts that threaten Social Security, Medicare, and debt reduction.

A modest increase in the minimum wage of $1 would merely restore the real value of the minimum wage to the 1982 level. Recent history has shown that those who argue that even a reasonable increase in the minimum wage would harm the economy are wrong. Since the last minimum wage increase of 90 cents over two years, enacted in 1996, the unemployment rate has fallen from 5.2 percent to 4.1 percent -- around the lowest in 30 years -- and more than 10 million new jobs have been created. That last minimum wage increase provided a significant incentive to work, contributing to the 44 percent decline in the welfare caseload, and bringing the welfare rolls down to their lowest level in three decades. It also has been a crucial factor in contributing to rising incomes for even the poorest groups, reversing their income declines of the previous decade.

Minimum wage legislation should not be used as a vehicle to repeal important overtime protections for American workers, and the Administration would oppose adding provisions that weaken labor protections. The Administration is concerned about

provisions in the bill that would repeal overtime protections for 1.5 million American sales employees, funeral workers, and computer professionals.

H.R. 3081 - the Wage and Employment Growth Act of 1999

By spending a substantial fraction of the non-Social Security surplus without a balanced framework, the House tax package would threaten the Federal Government's ability to extend the life of Medicare and Social Security and pay down the debt by 2013. Absent an agreement on a balanced framework, a bill composed of these provisions would not meet the pay-as-you-go requirements of the Budget Act, which have helped provide the discipline necessary to bring us from an era of large and growing budget deficits to the potential for substantial surpluses. The bill in its present form contains tax cuts of such magnitude that they would require an unacceptably large automatic sequester of mandatory programs, including Medicare.

The bulk of the tax provisions in H.R. 3081 are directed away from working families, and, whatever their stated intent, would do little to help most small businesses or family farms. For example, the estate tax relief is expensive, provides no benefit to average working Americans, and is poorly targeted to its purported purpose of providing relief for small business owners and family farms, because its three major provisions -- conversion of the unified credit to an exemption, repeal of the surtax, and reduction in top marginal rates -- would provide a disproportionate benefit to the very wealthiest estates.

H.R. 3081 also contains pension provisions that would raise the maximum retirement plan contribution and considered compensation limits for business owners and executives. This provision would weaken the pension anti-discrimination and top-heavy protections for moderate- and lower-income workers. These provisions are regressive, would not significantly increase plan coverage or national savings, and could lead to cuts in retirement benefits for moderate- and lower-income workers while benefits for highly paid executives are maintained or even increased.

Conclusion

The Administration urges the Congress to refrain from passing either a minimum wage increase that would be delayed unacceptably or fiscally irresponsible tax cuts that would threaten Social Security, Medicare, and debt reduction, and are not targeted at the needs of working families. The Congress should pass clean legislation that would raise the minimum wage in two equal steps and increase the rewards for work in a manner that would be good for the country and good for working families who are struggling to make ends meet. The legislation should not be encumbered by provisions that would undermine the minimum wage increase or existing labor protections. And any tax bill passed by the Congress should be fiscally responsible and adhere to a framework that protects the Federal Government's ability to extend the life of Medicare and Social Security and pay down the debt by 2013, such as the Democratic alternative does.

April 13, 2000
(House)

H.R. 4199 - Date Certain Tax Code Replacement Act
(Largent (R) Oklahoma and 167 cosponsors)

The Administration strongly opposes H.R. 4199 because it would create substantial risks for the Nation's economy and the American people. At a time when our country enjoys the strongest economy in a generation, it would be irresponsible to put that economy, our country's fiscal discipline, and the well-being of its families at risk. If H.R. 4199 were presented to the President, his senior advisors would recommend that he veto the bill. The Administration stands ready to consider carefully all proposals for comprehensive tax reform. The President has set forth four criteria to evaluate reform plans: fairness, fiscal responsibility, positive impact on economic growth, and simplification. However, the proposal contained in H.R. 4199 provides no reform plan whatsoever.

The Administration believes the proposal to sunset the tax code is deeply flawed and, if enacted, would harm the Nation's strong economy. For example, some families would likely refrain from buying homes due to the uncertain future tax treatment of mortgage interest and property taxes (as well as all other State and local taxes), which would harm current homeowners. Many businesses would hire fewer workers and make fewer capital investments because of uncertainty about how taxes would affect the return on productive assets. Furthermore, the uncertainty of the bill's effect on future receipts would raise the specter of massive Federal deficits which, in turn, would increase interest rates and weaken or destroy economic growth. H.R. 4199 could actually undermine tax reform; it would force Congress to consider "must-pass" legislation to replace or extend the code, giving advocates of special interest provisions greater leverage in demanding that unwarranted new tax breaks be the price of allowing legislation to move forward.

H.R. 4199 would have many other harmful effects on the well-being and long-term decisions of families. A family's health insurance would be threatened because the tax status of employer-provided health benefits would be uncertain. Hope Scholarships, which make higher education more affordable for students, would be in jeopardy, as would the child tax credits that help families with the costs of child-rearing. The structure of employer-provided pensions and tax incentives for retirement could be altered in ways that could harm retirement income security. The uncertainty surrounding the future of these and other tax incentives would significantly complicate financial and other decisions for virtually every American family.

Pay-As-You-Go Scoring

H.R. 4199 would affect receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. Beginning after 2004, the bill would terminate both Federal income taxes -- corporate and individual -- in addition to eliminating most other sources of Federal revenue. Because the bill establishes no alternative Federal tax system and contains no offsets, it would reduce Federal receipts by

hundreds of billions of dollars beginning after FY 2004. Under the Budget Enforcement Act, this bill would trigger a massive sequester of Federal programs with a broad range of unacceptable consequences.

May 24, 2000
(House Rules)

H.R. 4461 - AGRICULTURE, RURAL DEVELOPMENT,
FOOD AND DRUG ADMINISTRATION, AND
RELATED AGENCIES APPROPRIATIONS BILL, FY 2001
(Sponsor: Young (R) FL, Skeen (R) New Mexico)

This Statement of Administration Policy provides the Administration's views on the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill, FY 2001, as reported by the House Appropriations Committee. As the House considers its version of the bill, your consideration of the Administration's views would be appreciated.

The President's FY 2001 Budget is based on a balanced approach that maintains fiscal discipline, eliminates the national debt, extends the solvency of Social Security and Medicare, provides for an appropriately sized tax cut, establishes a new voluntary Medicare prescription drug benefit, in the context of broader reforms, expands health care coverage to more families, and funds critical investments for our future. An essential element of this approach is ensuring adequate funding for discretionary programs. To this end, the President has proposed discretionary spending limits at levels that we believe are necessary to serve the American people.

Unfortunately, the FY 2001 congressional budget resolution provides inadequate resources for discretionary investments. We need realistic levels of funding for critical government functions that the American people expect their government to perform well, including education, national security, law enforcement, environmental protection, preservation of our global leadership, air safety, food safety, economic assistance for the less fortunate, research and technology, and the administration of Social Security and Medicare. Based on the inadequate budget resolution, this bill fails to address critical needs of the American people.

Consequently, given the severe underfunding of critical programs and highly objectionable language provisions in the bill, the President's senior advisers would recommend that he veto the bill if it were presented to him in its current form.

Kyoto Protocol

The Committee bill's climate change language, together with the accompanying report language, is unacceptable and may well be unconstitutional. The Administration will not accept any appropriations language that limits activities under current law to reduce greenhouse gasses, or that restricts the President's constitutional authority to negotiate international agreements. As we have stated many times, the Administration has not, and will not, attempt to implement the Kyoto Protocol prior to ratification. Consequently, the Committee's language must be deleted since it is unwarranted, disruptive, and can be interpreted as unconstitutionally preventing the Department of Agriculture from assisting

the President in carrying out his constitutional authority to conduct international negotiations. We note that this provision is cast in the language of permanent law.

Food Safety

While the Administration appreciates the Committee's support for the Department of Health and Human Services' Food and Drug Administration (FDA) portion of the Food Safety Initiative, we strongly urge the House to fully fund the Administration's request for the Initiative and base funding. The FDA increase will fund annual inspections of high-risk domestic foods, such as unpasteurized juice, and expand the number of inspections of imported and ready-to-eat foods. However, only $6 million of the Department of Agriculture's (USDA's) requested $28 million increase is included in the Committee bill. This cut would impair important activities, such as developing effective methods of handling and treating agricultural products to minimize microbial contamination and the implementation of the Egg Safety Action Plan, as endorsed by the President's Council on Food Safety. In addition, the Administration strongly objects to the provision of the Committee bill that would impede our efforts to reduce needless deaths and illness from eggs contaminated with salmonella. The Administration strongly urges the House to delete this provision and provide full funding for the Initiative.

Moreover, to maintain the food safety gains we have achieved to date, also requires full funding of the base budget for food safety, and the Administration is concerned about the Committee's bill in this regard. In particular, the Committee's funding for the Food Safety and Inspection Service (FSIS) is $14 million below the budget request of $688 million. This proposed funding level is inadequate to cover necessary levels of import/export inspection and would reduce funding for state food safety programs. The bill, in short, does not provide sufficient resources to fund activities critical to the safety of the Nation's meat and poultry supply. In addition, FSIS resources would be further strained by section 746, which would require mandatory inspection of ratites, such as ostriches and emus, rather than the current voluntary inspection-for-fee process for these animals. In order to fully fund FSIS food safety activities, and to release resources needed for priority programs as discussed elsewhere in this SAP, we urge the Congress to enact the Administration's proposed meat and poultry inspection user fees, which should cost consumers less than one cent per pound of inspected meat.

Plant Pest and Diseases

The Administration places a high priority on fighting plant pests and diseases, especially when they are invasive species that may be eradicated before becoming an established threat. To combat sudden outbreaks of invasive species, the Administration has used emergency transfers through the Commodity Credit Corporation (CCC) at a level that is much higher than the two previous Administrations combined. The Administration has been developing guidelines that will help direct future responses to these threats. To address ongoing plant pest and disease outbreaks, the Administration has proposed substantial appropriations in the FY 2001 Budget. The Committee bill has not provided

these appropriations, therefore requiring a greater increase in emergency spending from CCC for activities that can no longer be considered unforeseen.

In cases where an extraordinary emergency exists, and there is still an opportunity to eradicate an invasive plant or disease within a single crop year, the Administration supports the use of the CCC as a means of delivering immediate assistance. Where eradication efforts extend over several seasons and incentives already exist for Federal, State, and industry cooperation, costs are predictable and should be incorporated into the discretionary appropriations process. Such long-term assistance should be carefully designed to provide an effective response without upsetting the markets for production and distribution of these products, and to maintain equity with assistance provided for crop losses in other circumstances. We look forward to working with the Congress to make certain that policies meet this test.

Tobacco

While the Supreme Court concluded that FDA does not have the authority under current law to continue its efforts to reduce underage use of tobacco products, the Court did state that tobacco is, "perhaps the single most significant threat to public health in the United States." The President has called on the Congress to enact new legislation to provide FDA the authority to protect our Nation's children. The Administration strongly encourages the House to restore the $39 million in the President's request to support this legislation. This would make it clear to the American people that Congress plans to protect our Nation's children. The Administration wants to work with the House to restore the FY 2000 funds rescinded by the Committee and provide FDA the capacity to reduce medical errors, improve oversight of gene therapy clinical trials, assure the safety of blood and tissue products, and provide critical infrastructure improvements.

International Programs and Trade Sanctions

The President believes that commercial exports of food and other human necessities should not be used as a tool of foreign policy except under the most compelling circumstances. On April 28, 1999, the Administration announced that the United States would exempt commercial sales of agricultural commodities and products for humanitarian purposes, as well as medicine and medicinal equipment, from future unilateral Executive Branch economic sanctions regimes ? unless the President determines our national interest requires otherwise. The President has extended this policy to existing sanctions on a case-by-case basis. The Administration would support codification of our current policy in legislation and views favorably certain legislative proposals in this spirit. However, the Administration strongly objects to the specific provisions of Title VIII in its current form of the bill because they would seriously limit the President's ability to implement foreign policy and would have grave implications for our non-proliferation, counter-terrorism, and counter-narcotics initiatives.

The FY 2001 Committee mark for P.L. 480 Title II at $800 million, $37 million below the requested level of $837 million, would seriously impair the ability of the U.S. Agency

for International Development to continue the expansion of Title II non-emergency activities while maintaining adequate resources to respond to food emergencies around the world. The expansion of Title II activities continues to focus on the highly food insecure populations in sub-Saharan Africa and Asia but also includes new initiatives related to HIV/AIDS. In addition, if farm commodity prices recover to normal levels, the availability of surplus Section 416(b) resources in FY 2001 would not approach the levels available in FYs 1999 and 2000. As a result, the Title II request level is likely to be necessary to ensure the ability of the United States to respond to worldwide food aid requirements in FY 2001.

Conservation and Environmental Programs

The Administration strongly opposes a number of reductions to important conservation and environmental programs contained in the Committee bill, which would reduce benefits to all Americans by cutting or eliminating key activities proposed to be carried out through the Natural Resources Conservation Service (NRCS). The bill and report include highly objectionable language prohibiting NRCS funds from being used for climate change, biomass, urban resource partnerships, most of the American Heritage Rivers (AHR) initiative, or the Community Federal Information Partnership. These actions would harm local community development and environmental restoration efforts. The AHR is an interagency initiative that applies coordinated Federal resources to benefit all river communities, helps communities evaluate their needs and identify funding sources, and cuts red tape so they can promptly implement priority practices. In addition, NRCS soil databases provide the foundation for the Nation's vital soil carbon sequestration efforts. The Committee's action would severely limit the ability of all USDA agencies that rely on NRCS data to advance valuable research on the effects of climate change on agriculture and potential ways for farmers to adapt to climate change.

These restrictions, coupled with the $70 million reduction to the request for NRCS conservation operations salaries and expenses, would result in a significant step backwards in efforts to improve land stewardship capabilities of farmers and ranchers. Furthermore, the Administration strongly objects to the Committee's reduction in authorized mandatory funding for the Environmental Quality Incentives Program (EQIP) to $174 million. This represents a cut of $26 million from current law and $151 million from the President's request. This program is vitally important in assisting farmers and ranchers in improving their agricultural operations while benefitting all Americans through cleaner water and air, and it is an important component of the Clean Water Action Plan. Coupled with the Committee's funding only $9 million of the requested $48 million increase in discretionary funds for the Plan, this reduction would severely impede progress on cleaning up our Nation's waters. We urge the House to eliminate the EQIP reduction and fully fund the Administration's request for the Clean Water Action Plan.

The Administration is pleased that the Committee has adopted the President's proposal to provide subsidized loans to State and local governments to rehabilitate dams built with NRCS assistance. These loans will safeguard the Federal investment, as well as protect local citizens and property from flooding.

The Administration objects to section 742, which would prohibit the use of funds for floodplain determinations carried out as part of an application for a Farm Service Agency aquaculture loan. For Federally-financed aquaculture projects, floodplain determinations are a critical part of the statutorily-required environmental impact statement process. Prohibiting USDA funds from being used for this activity will result in environmental impact statements that do not comply with the National Environmental Policy Act or USDA loan procedures and would likely result in loan applications that could not be approved.

Crop Insurance and Farm Safety Net Assistance

The Administration is concerned that the Congress has not approved comprehensive farm safety net legislation, which could provide assistance to a wide range of crop, dairy, and livestock producers to expand the amount of acres that could be enrolled in the Conservation Reserve Program and the Wetlands Reserve Program, as the Administration proposed.

The Administration objects to the amendment added in Committee that would significantly reduce administrative reimbursement rates to private crop insurance companies who deliver Federal crop insurance. The provision would cut nearly $100 million, or 20 percent, from the current funding for delivery of the program, weakening the crop insurance program when it is becoming a more effective and widely-used tool to improve risk management in the agricultural sector. Smaller companies, in particular, could find it difficult to maintain high-quality customer service at the reduced level of reimbursement, which could lead to fewer companies and less competition in the sector. Such a reaction could, in turn, make the crop insurance program less attractive to farmers, which is inconsistent with the actions Congress is taking to enact crop insurance reform legislation. We urge the House to delete this provision.

Food Stamp Program Employment and Training (E&T)

The Administration strongly objects to the use of Food Stamp Employment and Training (E&T) funds as a means to pay for non-Food Stamp activities. E&T funds were increased under the Balanced Budget Act of 1997 as part of a bipartisan agreement to create important employment and training opportunities for able-bodied adults without dependents who are at risk of losing food stamps.

Outreach for Socially-Disadvantaged Farmers

The Committee bill provides $3 million for the Outreach for Socially-Disadvantaged Farmers program, $7 million less than the request. In FY 2000, the Administration used mandatory spending provided through the Fund for Rural America to increase the Outreach program level by $5.2 million, to an enacted level of over $8 million. However, the Committee bill would eliminate all resources available in FY 2001 for the Fund for Rural America, thereby blocking the possibility of augmenting program resources again.

The bill would, therefore, cut the program by more than half from the FY 2000 enacted level. This reduction would severely isrupt the important services being provided to minority farmers.

This program has aided over 9,000 borrowers, improving USDA default rates in areas where the program operates. It has also assisted over 100,000 families and has proven to be effective in mitigating the decline in the number of minority farmers by increasing their participation in agricultural programs, assisting them in marketing and production, and improving the profitability of their farming operations. Reducing program resources at this critical juncture, when USDA has begun improving its civil rights record, would stymie progress USDA is making to further equal opportunity for minority farmers, and we urge the Committee to restore funding to the requested level.

Agricultural Research and Education Programs

The Committee bill would severely reduce high-priority agricultural research that is needed to improve farm productivity and benefit all Americans. Funding for competitive grants through the National Research Initiative would be cut by $22 million, or 19 percent, from the FY 2000 enacted level and $53 million from the request. Only $16 million of the $98 million in increases for priority research through the Agricultural Research Service would be funded, while instead, the bill would fund hundreds of unrequested, lower-priority research projects. Diversion of funds to these unrequested projects is particularly objectionable in light of the extremely limited increase in funding for research and higher education programs targeted to Native Americans and minority institutions.

The Administration objects to the bill's underfunding of programs to advance the use of bioproducts made from agricultural commodities. The bill includes only $4 million of the $35 million increase requested by the Administration for funding under this bill. Expansion of bioproducts, including biofuels, is an essential part of improving the farm safety net and diversifying the rural economy, and we urge increased funding for these purposes.

Mandatory Research and Rural Development Funds

The Administration strongly objects to Committee language that would block the use of all funding to implement the Fund for Rural America and the Initiative for Future Agriculture and Food Systems, representing a reduction of $180 million from the requested level. These programs fund projects benefitting and supported by all Americans, including food safety and human nutrition, agricultural genomics, including biotechnology risk assessment research, improvements in farm efficiency, and economic development assistance vital to diversifying the rural economy and improving rural Americans' quality of life. We urge the House to set aside jurisdictional concerns and adopt the Administration's request for these programs.

Rural Development Programs

The Committee bill would reduce rural single-family housing direct loans by over $200 million from the request, which would prevent over 4,500 very-low to low-income rural families from having the opportunity to live in decent, safe, affordable housing. In addition, funding for the Intermediary Relending Program would be reduced by $26 million, or 41 percent, from the requested level, resulting in an estimated 20,000 fewer jobs created or preserved. We urge the House to restore funding for these programs to the President's request.

The Administration strongly objects to the $47 million, or eight percent, reduction in requested funds for Rural Development staff. Given the need to absorb automatic pay increases, cuts of this magnitude would cause a reduction-in-force of an estimated 300 employees, which would significantly impair the agency's mandate to provide "supervised" credit, reducing the speed and thoroughness of customer service for the agency's growing loan portfolio. Without adequate service, many borrowers, such as very-low income families with USDA single-family housing loans, may not receive the advice and service they need to remain current on their loans and remain in their homes, and taxpayer losses on the portfolio may grow. Adequate staff funding should be restored by the House.

Special Supplemental Nutrition Program for Women, Infants, and Children

The Administration is concerned that the small increase provided by the Committee would not allow the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) to provide supplemental food packages, nutrition education, and health care referrals to all the women, infants, and children who are eligible to participate in the program. While the Administration is pleased that the Committee has provided requested funds for the School Breakfast Demonstration, Commodity Assistance Program, and Food Donations Program, the mechanism that would require these funds to be transferred from WIC carryover funds would impede effective program operations.

Common Computing Environment

The Committee bill provides only $25 million of the $75 million requested to improve USDA's field office information systems through the Common Computing Environment (CCE). Given the bill's low level of investment, USDA would not be able to reduce the Federal paperwork burden on its farmer and other county-office customers until well into the future at best, or achieve the "e-commerce" initiatives envisioned by the Congress in the "Freedom to E-File" bill. As the Committee Report notes, the CCE will "replace the current, aging information systems with a modern CCE that optimizes information sharing, customer service, and staff efficiencies." These reforms are long-overdue, and we urge the House to increase funding for the CCE. Continuing to underfund the modernization initiative would mean Congress would have to provide significant investments in USDA's outdated information systems just to maintain existing services, when additional funds would be more productively spent on implementing an improved system.

Language/Other Issues

Concentration in the Livestock Sector. The Administration has made a strong commitment to address the problems of concentration and anti-competitive behavior in the livestock sector, and objects to the insufficient funding in the bill for these purposes. The House bill provides only $1 million of the $3.7 million increase requested to address this problem through the Grain Inspection, Packers, and Stockyards Administration. The bill's funding level would not allow USDA to develop the modeling and analytic capability necessary to identify anti-competitive actions by livestock companies, ensure that time-sensitive, priority cases are investigated promptly, and establish the swine contract library required by last year's mandatory price reporting legislation. These activities are crucial to better ensuring that family farmers have a level playing field in which to market their livestock.

Funding for USDA Salaries and Expense Accounts. The Committee has straightlined funding at the FY 2000 level for a number of important organizations such as the Foreign Agricultural Service, the Office of the Inspector General, and the Office of the General Counsel. Without funding for unavoidable expenses such as pay cost increases, as well as the initiatives recommended in the President's budget, these organizations cannot effectively carry out their essential functions for the Department.

Community Food Security Program. The Administration strongly objects to the Committee provision that prohibits the use of funds to carry out a Community Food Security program or any similar activity without the prior approval of the Committees on Appropriations. This broad provision would hamper the modest ongoing efforts to provide assistance to local governments and organizations to address food insecurity faced by low-income families.

Partnership for Change - Colonias Initiative. The Administration is disappointed that the Committee has not provided funding for an intergovernmental partnership lead by the Food and Nutrition Service that would increase use of already authorized assistance programs, such as nutrition and housing assistance, by impoverished citizens of border areas known as Colonias. Furthermore, the Administration objects to language prohibiting the availability of funds for a Colonias initiative without prior approval by the Committee.

USDA Headquarters Modernization. The Administration strongly objects to the lack of funding for the renovation now in progress of USDA's downtown D.C. headquarters building. A ten-year renovation plan was approved by Congress in 1995 for the sixty-year-old building, to address health and safety problems. The building will house 6,800 employees, and USDA is solely responsible for its repair and maintenance. Since the

renovation project was approved by Congress in 1995, only 15 percent of the total planned cost has been appropriated, and no funding was provided in FY 2000. The Administration strongly urges the House to fund the needed renovation, as continued delays will leave the renovation project only partially complete, resulting in higher long-term costs for the needed renovation, and continued exposure of USDA employees to health and safety risks.

Friends of the National Arboretum. The Committee bill includes a provision that would allow a private, nonprofit organization, the Friends of the National Arboretum (FONA), to compensate directly, make donations, and provide gifts to Arboretum employees who assist FONA in fundraisers for the Arboretum. The Administration objects to this provision, which would create a situation whereby a private organization would have undue influence over the employees and operations of the Arboretum. There are other fundraising methods that might yield similar or greater benefits without creating undue hardship on, conflict for, and inequities among these USDA employees.

Food and Nutrition Service Research. The Administration is concerned that the Committee did not provide funds to the Food and Nutrition Service (FNS) for research and evaluation and objects to any provision of the bill that would prohibit the use of FNS funds for these activities. The funds are essential so that FNS can effectively and promptly address program integrity and performance issues facing nutrition assistance programs as well as continue critical updates of basic program information.

Infringement on Executive Authority. The Administration objects to a number of provisions in the bill that would require congressional approval before Executive Branch execution. The Administration will interpret these provisions to require only notification of Congress, since any other interpretation would contradict the Supreme Court ruling in INS v. Chadha.

Section 721. The Act provides that no funds appropriated or otherwise made available to the Department of Agriculture may be used "to transmit or otherwise make available to any non-Department of Agriculture employee questions or responses to questions that are a result of information requested for the appropriations hearing process." This provision could impede communications within the Executive Branch to a degree that undercuts the President's ability to exercise his constitutional responsibilities as the Nation's Chief Executive Officer to enforce the laws. Accordingly, this section is constitutionally objectionable.

Recommendations Clause. Section 731 of the bill provides that no funds appropriated or otherwise made available to the Department of Agriculture may be used to pay the

salaries of personnel who prepare or submit appropriations language as part of the President's Budget submission that "assumes revenues or reflects a reduction . . . due to user fees proposals . . .". Under the Recommendations Clause, Congress can neither require, nor prohibit, the President from making particular legislative or policy recommendations to Congress. Therefore, this section is constitutionally objectionable because it would undermine the President's ability to fulfill his constitutional duties under the Recommendations Clause.

June 6, 2000
(House Rules)

H.R. 4577 - DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 2001
(Sponsors: Young (R), Florida; Porter (R), Illinois)

This Statement of Administration Policy provides the Administration's views on the Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 2001, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The President's FY 2001 Budget is based on a balanced approach that maintains fiscal discipline, eliminates the national debt, extends the solvency of Social Security and Medicare, provides for an appropriately sized tax cut, establishes a new voluntary Medicare prescription drug benefit in the context of broader reforms, expands health care coverage to more families, and funds critical investments for our future. An essential element of this approach is ensuring adequate funding for discretionary programs. To this end, the President has proposed discretionary spending limits at levels that we believe are necessary to serve the American people.

Unfortunately, the FY 2001 congressional budget resolution provides inadequate resources for discretionary investments. We need realistic levels of funding for critical government functions that the American people expect their government to perform well, including education, national security, law enforcement, environmental protection, preservation of our global leadership, air safety, food safety, economic assistance for the less fortunate, research and technology, and the administration of Social Security and Medicare. Based on the inadequate budget resolution, the Committee bill fails to address critical needs of the American people. In addition, the Committee bill includes an unacceptable language rider that would prohibit the Occupational Safety and Health Administration from finalizing its standard to protect the Nation's workers from ergonomic injuries. For the reasons discussed below, if the bill were presented to the President in its current form, the President would veto the bill.

The Administration strongly opposes the provision in the bill that would prohibit the Occupational Safety and Health Administration from finalizing its standard to protect the Nation's workers from ergonomic injuries. Each year approximately 1.8 million American workers suffer musculoskeletal disorders (MSD), approximately one-third of which are serious enough to require time away from work. OSHA estimates that by the tenth year after the rule is in effect, it will have reduced general industry MSD's by 450,000. After more than 10 years of experience with ergonomic guidelines, exhaustive scientific study, five months of public comment and public hearings on the proposed regulations, and millions of unnecessary injuries, the Administration believes that it is time to move forward to finalize this regulation.

Department of Education

The House Committee bill would undermine our Nation's commitment to improving our schools by cutting $2.9 billion from the President's overall FY 2001 request for the Department of Education. The bill fails to fund key education priorities including funding to help strengthen accountability and turn around failing schools, reduce class size, improve after-school and summer-school opportunities, increase school safety, renovate aging and neglected schools, improve teacher quality, and prepare students for college. The most significant problems with the bill include the following:

Class Size. The House Committee bill does not guarantee funding for the President's initiative to hire 100,000 new teachers by FY 2005 to reduce class sizes to a nationwide average of 18 in the primary grades. The House bill would effectively repeal the bipartisan agreement on class size reduction, jeopardizing the Federal commitment to hire as many as 20,000 new teachers next year and to continue support for the 29,000 teachers already hired. As many as 2.9 million children could be denied the benefits of smaller classes.

Urgent School Renovation. The House Committee bill provides no funding for the President's initiative to provide $1.3 billion in loan subsidies and grants to repair 5,000 aging and neglected public school buildings, including $50 million for public schools with high concentrations of Native American students.

Accountability and Title I, Education for the Disadvantaged. The House Committee bill provides no funding for the Title I Accountability Fund that helps States and districts turn around low-performing schools and ensure that no student is trapped in a failing school. As a result, nearly 6,000 low-performing schools would not receive extra assistance to improve student achievement. In addition, the bill would reduce or eliminate services to more than 260,000 disadvantaged students aimed at helping them reach challenging academic standards. The bill also does not provide funds for the proposed Reward and Recognition program that supports rewards to States that show significant gains in student achievement and narrow the achievement gap between high- and low- performing students.

21st Century Community Learning Centers. The House Committee bill cuts the President's $1 billion request for 21st Century Community Learning Centers by $400 million, denying funding for over 3,000 centers, which would provide after- and summer-school programs to over one million children. Extended learning time is an essential strategy to help all students master challenging academic material and reach high standards. The President's request would support 10,000 after- school and summer-school centers serving 2.5 million children.

Teacher Quality. The House bill fails to provide funding for the proposed $1 billion Teaching to High Standards teacher quality programs. The President's request includes $690 million for States and school districts to provide high quality professional development to teachers. The House bill does not guarantee funding for professional

development. Also included in the Teaching to High Standards programs is $310 million for teacher quality and recruitment initiatives of national significance such as Hometown Teachers and Transition to Teaching to help recruit teachers to high-need communities, Early Childhood Educator Professional Development, the School Leadership Initiative, and other teacher quality incentive programs. The House bill does not provide any funding for these programs.

Helping Schools Create Smaller and Safer Learning Environments. The House Committee bill provides inadequate funding for programs that create better and safer school learning environments. For Safe and Drug-Free Schools, the House bill freezes spending at the FY 2000 level, $50 million below the request, and provides no funding for Project SERV, which would provide emergency assistance to schools affected by serious violence and other crises. For Small, Safe, and Successful High Schools, the bill provides $45 million, the same as the FY 2000 level. Although we appreciate the Committee's continued support for this program, the bill's failure to provide the $75 million requested increase would deny as many as 400 high schools support to establish or expand smaller learning communities of no more than 600 students. Research shows that when students are a part of a small and more intimate learning community, they are more successful both academically and socially.

Technology and the Digital Divide. The House Committee bill would hamper efforts to bridge the digital divide by providing technology training to teachers and increasing access of information and assistive technology to individuals with disabilities. The House bill would eliminate training for over 100,000 teachers through Preparing Tomorrow's Teachers to Use Technology and would not fund 700 of the proposed 1,000 community technology centers, denying access to computers and technology -- particularly educational technology -- for thousands of adults and children residing in economically distressed, high-poverty areas. Finally, the House bill would not support either the $14 million requested increase for the National Institute on Disability and Rehabilitation Research, for a variety of technology initiatives, or the $7 million requested increase for Assistive Technology to expand alternative loan financing programs that help individuals with disabilities purchase assistive technology.

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2000, to support early intervention and college preparation services for approximately 1.4 million disadvantaged youth. The House bill would deny these services to as many as 644,000 students.

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services to an additional 500,000 clients who are neither Medicaid eligible nor have health insurance.

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Needle Exchange. The Administration objects to the Committee's unconditional ban on the use of funds appropriated in the bill for needle exchange programs. The Administration urges the House to make the use of funds for such programs contingent upon certification by the Secretary of Health and Human Services that these programs are effective in reducing the transmission of HIV and do not increase drug abuse, as proposed in the budget and included in the Senate bill.

Abortion. The Administration urges the House to strike sections 508 and 509 of the Committee bill, which would prohibit the use of funds for abortion. The President believes that abortion should be safe, legal, and rare. These provisions would continue to limit the range of conditions under which a woman's health would permit access to abortion services. Furthermore, section 509 requires a physician to make a legal determination that these conditions have been met. The Administration proposes to work with the Congress to address the issue of abortion funding.

Department of Labor

The House Committee bill would cut the Labor Department by $1.7 billion, or 14 percent, from the request and $0.5 billion from the FY 2000 level. This level would threaten the viability of the new workforce development system as envisioned in the bipartisan Workforce Investment Act enacted in 1998. The bill would make deep cuts in worker training programs aimed at closing the skills gap, preparing workers for the 21st century, and helping employers reach out to an untapped pool of workers. These workers include high school dropouts, people leaving welfare, displaced workers, individuals with disabilities, and ex-offenders. In addition, the bill would cut programs that ensure safe and healthy workplaces, enforce domestic child labor laws, promote equal pay, and improve working conditions and reduce child labor in developing countries around the world.

In particular, the Administration is concerned about the following items in the Committee reported bill:

One-Stop Career Center/America's Labor Market Information System . The bill would eliminate the existing $110 million investment in the One-Stop Career Center system, undermining the foundation of the new workforce investment system intended to ensure access to the information and services of One-Stop Career Centers for all Americans. The Committee bill also fails to fund the President's request for a $44 million enhancement that would improve access to these services for millions of Americans.

Dislocated Worker Assistance. The House Committee cuts the Administration's request for Dislocated Worker assistance by over $389 million, or 22 percent, and provides $207 million less than the FY 2000 level. This level would deny training, job search, and re-employment services to over 216,000 dislocated workers.

Re-employment Services. The Committee eliminates the requested $50 million needed to provide over 222,000 unemployment insurance claimants with customized re-employment services needed to speed their re-entry into the work force.

Adult Job Training Program. The bill would cut funding for adult training by $93 million, or 10 percent, below the FY 2001 request and FY 2000 enacted levels, and would eliminate training services for over 37,000 of the 380,000 adults who would otherwise be served in FY 2001.

Youth Opportunity Grants/Youth Activities. Funding for the Youth Opportunity Grants program falls $200 million short of the President's request and $75 million short of the FY 2000 level, and would deny 45,000 youth in high-poverty communities access to vital education, training, and employment assistance and jeopardize the continuation of five-year Federal grants that were awarded to 36 communities in February. In addition, funding for the Youth Activities program, which includes Summer Jobs, is cut by $21 million, which would eliminate almost 13,000 low income youth from the program.

Fathers Work/Families Win. The House Committee bill does not support the President's new Fathers Work/Families Win initiative, for which the Administration has requested $255 million. Building on the partnerships developed under Welfare-to-Work, this important initiative would help approximately 80,000 low-income fathers and working families get the support and skills necessary to support their families and avoid welfare.

Youth Violence. The House bill does not provide the requested funding for two initiatives aimed at reducing youth violence. It rejects the $40 million requested to add the Department of Labor to the interagency Safe Schools/Healthy Students initiative. Furthermore, it provides only $14 million of the $75 million requested to bring young offenders into the workplace through job training and related services.

International Labor Activities. The Committee bill fails to fund the President's proposed $97 million increase to enhance several critical international labor activities aimed at

improving working conditions in developing countries, eliminating and improving educational alternatives to abusive child labor, and addressing HIV/AIDS in the workplace. As a result, the President's requested $70 million enhancement of a comprehensive initiative to reduce international child labor and improve access to basic education in developing countries, which builds off the momentum created by the recent U.S. adoption of the International Labor Organization convention banning the worst forms of abusive child labor, would be severely undermined.

Homeless Veterans. The Committee's $5 million reduction to the President's request for job assistance to homeless veterans would result in over 3,000 fewer homeless veterans obtaining meaningful employment and economic security.

Disability Initiative. The Committee bill ignores the President's proposal to enhance the Department's leadership in helping people with disabilities enter, re-enter, and remain in the workforce through the establishment of a new Office of Disability Policy.

Unemployment Insurance (UI) Administration. The House has adopted the President's proposal to restructure UI administrative funding to bring it in line with the modern service delivery system, but has provided $93 million less than necessary to administer the UI benefit entitlement program, even under continued favorable economic conditions.

Worker Protection. The bill provides $92 million less than requested for critical programs that protect the safety, pensions, and wages of workers, essentially freezing these programs at their FY 2000 level. The bill provides $44 million less than the President has requested for the Occupational Safety and Health Administration, eliminating planned increases in efforts to help employers ensure safe and healthful workplaces. The Administration urges the House to restore the President's request for worker protection programs.

Information Technology. The bill denies the $54 million requested for the Department's information technology initiative to address information security, infrastructure and web development, and office automation in a more efficient and comprehensive manner, thereby enhancing the Department's ability to implement its responsibilities and expand its Internet capacity to serve employers and the public better.

National Economic Indicators. The House Committee bill reduces the request by $13 million, which would deny improvements to some of the most sensitive and important economic data collected by the Bureau of Labor Statistics, including expanding price, output, and productivity measures for the service sector, improving State and local employment and unemployment data, and surveying how Americans spend their time in work and non-work activities, including child and elder care.

National Labor Relations Board

The House bill would fund the National Labor Relations Board (NLRB) at the FY 2000 enacted level, $10 million, or five percent, below the President's request. As a result,

NLRB would be forced to curtail backlog reduction efforts, essential training, and information technology investments.

Social Security Administration

At the House Committee funding level, the Social Security Administration would not be able to hire thousands of direct service employees, resulting in longer wait times for individuals filing retirement and disability claims, and diminished service for individuals who call the agency's 1-800 phone service.

Corporation for Public Broadcasting

The Administration appreciates the Committee's full funding for Corporation for Public Broadcasting's (CPB) FY 2003 request for general programming and system support, and urges the Committee to provide full funding in 2001 for CPB's digital transition initiative, which will help ensure that the public broadcasting system can meet the federally-mandated May 2003 deadline for digital broadcasting.

Internet Access in Schools and Libraries

The bill contains objectionable language that would deny Federal funds for computers and Internet access to schools and libraries that have not installed software on their computers to block Internet access to illegal and inappropriate materials to minors. Currently, schools and libraries use a wide range of technology tools and monitoring techniques to ensure that children do not encounter inappropriate material and dangerous situations while online.

Recent studies confirm that virtually all schools that have Internet access have acceptable use policies in place. While the Administration strongly supports efforts to ensure that schools and libraries protect minors from inappropriate materials, the Federal Government should not mandate a particular type of technology, such as filtering or blocking software, in a dynamically changing technology environment. Rather, the Administration would support less burdensome and restrictive language that would require that schools and libraries develop their own acceptable use plans at the local level and certify their implementation.

June 7, 2000
(House)

H.R. 4577 - DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 2001
(Sponsors: Young (R), Florida; Porter (R), Illinois)

This Statement of Administration Policy provides the Administration's views on the Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 2001, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The President's FY 2001 Budget is based on a balanced approach that maintains fiscal discipline, eliminates the national debt, extends the solvency of Social Security and Medicare, provides for an appropriately sized tax cut, establishes a new voluntary Medicare prescription drug benefit in the context of broader reforms, expands health care coverage to more families, and funds critical investments for our future. An essential element of this approach is ensuring adequate funding for discretionary programs. To this end, the President has proposed discretionary spending limits at levels that we believe are necessary to serve the American people.

Unfortunately, the FY 2001 congressional budget resolution provides inadequate resources for discretionary investments. We need realistic levels of funding for critical government functions that the American people expect their government to perform well, including education, national security, law enforcement, environmental protection, preservation of our global leadership, air safety, food safety, economic assistance for the less fortunate, research and technology, and the administration of Social Security and Medicare. Based on the inadequate budget resolution, the Committee bill fails to address critical needs of the American people. In addition, the Committee bill includes an unacceptable language rider that would prohibit the Occupational Safety and Health Administration (OSHA) from finalizing its standard to protect the Nation's workers from ergonomic injuries. For the reasons discussed below, if the bill were presented to the President in its current form, the President would veto the bill.

The Administration strongly opposes the provision in the bill that would prohibit the Occupational Safety and Health Administration from finalizing its standard to protect the Nation's workers from ergonomic injuries. Each year approximately 1.8 million American workers suffer musculoskeletal disorders (MSD), approximately one-third of which are serious enough to require time away from work. OSHA estimates that by the tenth year after the rule is in effect, it will have reduced general industry MSDs by 450,000. After more than 10 years of experience with ergonomic guidelines, exhaustive scientific study, five months of public comment and public hearings on the proposed regulations, and millions of unnecessary injuries, the Administration believes that it is time to move forward to finalize this regulation.

Department of Education

The House Committee bill would undermine our Nation's commitment to improving our schools by cutting $2.9 billion from the President's overall FY 2001 request for the Department of Education. The bill fails to fund key education priorities including funding to help strengthen accountability and turn around failing schools, reduce class size, improve after-school and summer-school opportunities, increase school safety, renovate aging and neglected schools, improve teacher quality, and prepare students for college. The most significant problems with the bill include the following:

Class Size. The House Committee bill does not guarantee funding for the President's initiative to hire 100,000 new teachers by FY 2005 to reduce class sizes to a nationwide average of 18 in the primary grades. The House bill would effectively repeal the bipartisan agreement on class size reduction, jeopardizing the Federal commitment to hire as many as 20,000 new teachers next year and to continue support for the 29,000 teachers already hired. As many as 2.9 million children could be denied the benefits of smaller classes.

Urgent School Renovation. The House Committee bill provides no funding for the President's initiative to provide $1.3 billion in loan subsidies and grants to repair 5,000 aging and neglected public school buildings, including $50 million for public schools with high concentrations of Native American students.

Accountability and Title I, Education for the Disadvantaged. The House Committee bill provides no funding for the Title I Accountability Fund that helps States and districts turn around low-performing schools and ensure that no student is trapped in a failing school. As a result, nearly 6,000 low-performing schools would not receive extra assistance to improve student achievement. In addition, the bill would reduce or eliminate services to more than 260,000 disadvantaged students aimed at helping them reach challenging academic standards. The bill also does not provide funds for the proposed Reward and Recognition program that supports rewards to States that show significant gains in student achievement and narrow the achievement gap between high- and low- performing students.

21st Century Community Learning Centers. The House Committee bill cuts the President's $1 billion request for 21st Century Community Learning Centers by $400 million, denying funding for over 3,000 centers, which would provide after- and summer-school programs to over one million children. Extended learning time is an essential strategy to help all students master challenging academic material and reach high standards. The President's request would support 10,000 after- school and summer-school centers serving 2.5 million children. The Administration would oppose efforts to further reduce this program on the floor.

Teacher Quality. The House bill fails to provide funding for the proposed $1 billion Teaching to High Standards teacher quality programs. The President's request includes $690 million for States and school districts to provide high quality professional

development to teachers. The House bill does not guarantee funding for professional development. Also included in the Teaching to High Standards programs is $310 million for teacher quality and recruitment initiatives of national significance such as Hometown Teachers and Transition to Teaching to help recruit teachers to high-need communities, Early Childhood Educator Professional Development, the School Leadership Initiative, and other teacher quality incentive programs. The House bill does not provide any funding for these programs.

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Abortion. The Administration urges the House to strike sections 508 and 509 of the Committee bill, which would prohibit the use of funds for abortion. The President believes that abortion should be safe, legal, and rare. These provisions would continue to limit the range of conditions under which a woman's health would permit access to abortion services. Furthermore, section 509 requires a physician to make a legal determination that these conditions have been met. The Administration proposes to work with the Congress to address the issue of abortion funding.

Department of Labor

The House Committee bill would cut the Labor Department by $1.7 billion, or 14 percent, from the request and $0.5 billion from the FY 2000 level. This level would threaten the viability of the new workforce development system as envisioned in the bipartisan Workforce Investment Act enacted in 1998. The bill would make deep cuts in worker training programs aimed at closing the skills gap, preparing workers for the 21st century, and helping employers reach out to an untapped pool of workers. These workers include high school dropouts, people leaving welfare, displaced workers, individuals with disabilities, and ex-offenders. In addition, the bill would cut programs that ensure safe and healthy workplaces, enforce domestic child labor laws, promote equal pay, and improve working conditions and reduce child labor in developing countries around the world.

In particular, the Administration is concerned about the following items in the Committee reported bill:

One-Stop Career Center/America's Labor Market Information System . The bill would eliminate the existing $110 million investment in the One-Stop Career Center system, undermining the foundation of the new workforce investment system intended to ensure access to the information and services of One-Stop Career Centers for all Americans. The Committee bill also fails to fund the President's request for a $44 million enhancement that would improve access to these services for millions of Americans.

Dislocated Worker Assistance. The House Committee cuts the Administration's request for Dislocated Worker assistance by over $389 million, or 22 percent, and provides $207 million less than the FY 2000 level. This level would deny training, job search, and re-employment services to over 216,000 dislocated workers.

Re-employment Services. The Committee eliminates the requested $50 million needed to provide over 222,000 unemployment insurance claimants with customized re-employment services needed to speed their re-entry into the work force.

Adult Job Training Program. The bill would cut funding for adult training by $93 million, or 10 percent, below the FY 2001 request and FY 2000 enacted levels, and would eliminate training services for over 37,000 of the 380,000 adults who would otherwise be served in FY 2001.

Youth Opportunity Grants/Youth Activities. Funding for the Youth Opportunity Grants program falls $200 million short of the President's request and $75 million short of the FY 2000 level, and would deny 45,000 youth in high-poverty communities access to vital education, training, and employment assistance and jeopardize the continuation of five-year Federal grants that were awarded to 36 communities in February. In addition, funding for the Youth Activities program, which includes Summer Jobs, is cut by $21 million, which would eliminate almost 13,000 low income youth from the program.

Fathers Work/Families Win. The House Committee bill does not support the President's new Fathers Work/Families Win initiative, for which the Administration has requested $255 million. Building on the partnerships developed under Welfare-to-Work, this important initiative would help approximately 80,000 low-income fathers and working families get the support and skills necessary to support their families and avoid welfare.

Youth Violence. The House bill does not provide the requested funding for two initiatives aimed at reducing youth violence. It rejects the $40 million requested to add the Department of Labor to the interagency Safe Schools/Healthy Students initiative. Furthermore, it provides only $14 million of the $75 million requested to bring young offenders into the workplace through job training and related services.

International Labor Activities. The Committee bill fails to fund the President's proposed $97 million increase to enhance several critical international labor activities aimed at

improving working conditions in developing countries, eliminating and improving educational alternatives to abusive child labor, and addressing HIV/AIDS in the workplace. As a result, the President's requested $70 million enhancement of a comprehensive initiative to reduce international child labor and improve access to basic education in developing countries, which builds off the momentum created by the recent U.S. adoption of the International Labor Organization convention banning the worst forms of abusive child labor, would be severely undermined.

Homeless Veterans. The Committee's $5 million reduction to the President's request for job assistance to homeless veterans would result in over 3,000 fewer homeless veterans obtaining meaningful employment and economic security.

Disability Initiative. The Committee bill ignores the President's proposal to enhance the Department's leadership in helping people with disabilities enter, re-enter, and remain in the workforce through the establishment of a new Office of Disability Policy.

Unemployment Insurance (UI) Administration. The House has adopted the President's proposal to restructure UI administrative funding to bring it in line with the modern service delivery system, but has provided $93 million less than necessary to administer the UI benefit entitlement program, even under continued favorable economic conditions.

Worker Protection. The bill provides $92 million less than requested for critical programs that protect the safety, pensions, and wages of workers, essentially freezing these programs at their FY 2000 level. The bill provides $44 million less than the President has requested for the Occupational Safety and Health Administration, eliminating planned increases in efforts to help employers ensure safe and healthful workplaces. The Administration urges the House to restore the President's request for worker protection programs.

Information Technology. The bill denies the $54 million requested for the Department's information technology initiative to address information security, infrastructure and web development, and office automation in a more efficient and comprehensive manner, thereby enhancing the Department's ability to implement its responsibilities and expand its Internet capacity to serve employers and the public better.

National Economic Indicators. The House Committee bill reduces the request by $13 million, which would deny improvements to some of the most sensitive and important economic data collected by the Bureau of Labor Statistics, including expanding price, output, and productivity measures for the service sector, improving State and local employment and unemployment data, and surveying how Americans spend their time in work and non-work activities, including child and elder care.

National Labor Relations Board

The House bill would fund the National Labor Relations Board (NLRB) at the FY 2000 enacted level, $10 million, or five percent, below the President's request. As a result,

NLRB would be forced to curtail backlog reduction efforts, essential training, and information technology investments.

Social Security Administration

At the House Committee funding level, the Social Security Administration would not be able to hire thousands of direct service employees, resulting in longer wait times for individuals filing retirement and disability claims, and diminished service for individuals who call the agency's 1-800 phone service.

Corporation for Public Broadcasting

The Administration appreciates the Committee's full funding for Corporation for Public Broadcasting's (CPB) FY 2003 request for general programming and system support, and urges the Committee to provide full funding in 2001 for CPB's digital transition initiative, which will help ensure that the public broadcasting system can meet the federally-mandated May 2003 deadline for digital broadcasting.

Internet Access in Schools and Libraries

The bill contains objectionable language that would deny Federal funds for computers and Internet access to schools and libraries that have not installed software on their computers to block Internet access to illegal and inappropriate materials to minors. Currently, schools and libraries use a wide range of technology tools and monitoring techniques to ensure that children do not encounter inappropriate material and dangerous situations while online.

Recent studies confirm that virtually all schools that have Internet access have acceptable use policies in place. While the Administration strongly supports efforts to ensure that schools and libraries protect minors from inappropriate materials, the Federal Government should not mandate a particular type of technology, such as filtering or blocking software, in a dynamically changing technology environment. Rather, the Administration would support less burdensome and restrictive language that would require that schools and libraries develop their own acceptable use plans at the local level and certify their implementation.

Amendment to Establish 21st Century Teaching Scholarships Act

The Rules Committee has made in order an amendment to be offered by Representative Wilson for a new $25 million teacher recruitment and quality improvement program -- the 21st Century Teaching Scholarships Act -- "if such legislation is enacted." This amendment would be offset with a cut of $25 million in funding for the Occupational Safety and Health Administration. The Administration strongly opposes the offset for this amendment. It will undermine the Department of Labor's efforts to protect our Nation's workers through the protections provided under the OSHA law, result in a cut of 375 FTE, and lead to RIFs and furloughs of OSHA employees. It is a cut of nearly 7% below

last year's level, and a 16% cut below the President's request. The amendment will deny consultation visits to 1,800 small employers and reduce inspections by 8,850, mostly in construction and other high hazard workplaces. The Administration strongly urges the House to reject this ill-conceived reduction. With regard to the spending portion of the amendment, the Administration continues to support efforts to improve the quality of the Nation's teaching corps, such as the Hometown Teachers initiative, proposed in the President's budget.

June 19, 2000
(House)

H.R. 4635 - DEPARTMENT OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 2001
(Sponsors: Young (R), Florida; Walsh (R), New York)
This Statement of Administration Policy provides the Administration's views on the Veterans, Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 2001, as approved by the House Committee. Your consideration of the Administration's views would be appreciated.

The President's FY 2001 Budget is based on a balanced approach that maintains fiscal discipline, eliminates the national debt, extends the solvency of Social Security and Medicare, provides for an appropriately sized tax cut, establishes a new voluntary Medicare prescription drug benefit in the context of broader reforms, expands health care coverage to more families, and funds critical investments for our future. An essential element of this approach is ensuring adequate funding for discretionary programs. To this end, the President has proposed discretionary spending limits at levels that we believe are necessary to serve the American people.

Unfortunately, the FY 2001 congressional budget resolution provides inadequate resources for discretionary investments. We need realistic levels of funding for critical government functions that the American people expect their government to perform well, including education, national security, law enforcement, environmental protection, preservation of our global leadership, air safety, food safety, economic assistance for the less fortunate, research and technology, and the administration of Social Security and Medicare. Based on the inadequate budget resolution, this bill fails to address critical needs of the American people.

The Committee allocation is $6 billion below the President's program level request. In order to approve a bill at the level of this allocation, the Committee has eliminated the Corporation for National and Community Service, and has severely reduced funding from the requests for the Department of Housing and Urban Development, the National Science Foundation, the National Aeronautics and Space Administration, the Environmental Protection Agency's basic environmental and public health programs, the Federal Emergency Management Agency, and other Administration priorities.

The Administration strongly opposes the Committee's action to terminate the Corporation for National and Community Service, including the AmeriCorps program. Eliminating funding for the Corporation would deny over one million young Americans the opportunity to provide vital community services and become better citizens as participants in the Corporation's AmeriCorps (62,000 participants) and Learn and Serve (1 million participants) programs. If the final bill presented to the President were to provide inadequate funding for the Corporation for National and Community Service, his senior advisers would recommend that the President veto the bill.

The Committee bill would also limit our ability to address poverty and the shortage of affordable housing, undermine investments in our future through space research and science and technology, reduce our ability to pursue critical opportunities in basic research through the National Science Foundation, adversely affect the environment and public health, and adversely affect our ability to respond quickly and fully to unforeseen disasters. Further, the Committee bill includes objectionable language provisions, such as anti-environmental riders, efforts to hamper the Department of Veterans Affairs ability to support the tobacco litigation using current statutory authority, and language limiting HUD's efforts to deliver vital services to the American people. For these reasons, if the bill were presented to the President in its current form, the President's senior advisers would recommend that he veto the bill.

Detailed discussions of certain of these issues, as well as additional Administration concerns with the Committee bill, are provided in the attachment. We look forward to working with the House to address our mutual concerns.

Attachment

Attachment

DEPARTMENT OF VETERANS AFFAIRS AND
HOUSING AND URBAN DEVELOPMENT, AND
INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 2001
(AS APPROVED BY THE HOUSE COMMITTEE)

Corporation for National and Community Service

The Administration is deeply concerned that the House Committee bill terminates the Corporation for National and Community Service, including the AmeriCorps program. In FY 2001, the Committee bill would deny 62,000 Americans the opportunity to meet pressing education, public safety, and human and environmental needs in exchange for help with college costs through participation in AmeriCorps. This action would eliminate the President's goal of reaching 100,000 AmeriCorps participants a year by FY 2004. In addition, in FY 2001, the bill would prevent more than one million students from participating in service-learning programs that provide substantial academic and social benefits, including the opportunity to learn responsible citizenship. The Administration strongly urges the House to fully fund the Corporation at the requested level of $534 million.

Department of Housing and Urban Development

The Committee bill provides $29.9 billion for the Department of Housing and Urban Development (HUD), an overall programmatic reduction of $2.5 billion from the

President's request, excluding proposed offsets. This reduction would eliminate most of the increases that the President has requested to help HUD address poverty and the shortage of affordable housing.

Housing Assistance. The bill provides no net new housing assistance. The Committee bill also fails to address the shortage of affordable housing to help homeless and low-income families, low-income elderly, the disabled, and people with HIV/AIDS.

The Committee bill fails to fund the Administration's request for 120,000 incremental rental assistance vouchers to help hard-pressed families, including families moving from welfare to work. We should not add to the growing backlog of families who cannot afford decent, safe, and sanitary housing, at a time when a record 5.4 million unassisted low-income households have "worst-case" housing needs, most of whom spend over 50 percent of their income on rent. In fact, the bill calls for a rescission of $275 million -- endangering funding for either renewals of existing vouchers or tenant protections.

The Committee bill would cut the request for housing for the elderly and disabled by $78 million and would cut requested assistance for people with HIV/AIDS by $28 million. The Administration encourages the House to restore requested funding to meet the needs of low-income elderly, the disabled, and people with HIV/AIDS. The bill also cuts the request for the HOME program by $65 million, which would mean 2,425 fewer households would receive critical assistance.

Reductions of $155 million in public housing programs, including some cuts below enacted levels, would reduce capital improvements, resulting in tens of thousands of additional public housing units developing moderate to severe physical problems. Such a large decrease in funding would only increase the rate of deterioration and accumulation of needs over time. This would be compounded by the failure to fund $54 million in operating subsidies for housing authorities and $60 million in HOPE VI funds to replace distressed housing projects.

The Administration is very concerned about the Committee bill's authorization of a new program to permit local housing authorities to spend reserve funds to increase rents and provide additional services in selected areas where the lease-up rates for housing vouchers may be experiencing problems. This costly new provision is overly permissive and has few controls. When fully implemented, it would increase costs as much as $500 million per year if local housing authorities opted to use it for only 10 to 15 percent of all housing vouchers. While more flexibility is needed to make housing vouchers work better, the Administration believes its more limited proposal for a $50 million Voucher Success Fund would accomplish the same goal more efficiently and without the risk of rapid cost increases.

The Committee bill does not provide sufficient funds for housing counseling and does not include provisions to create a new hybrid adjustable rate mortgage and increase the loan limit for FHA single family guarantees. The Administration urges the adoption of these measures to increase homeownership opportunities and reduce costs.

Community and Economic Development. The Committee bill fails to provide requisite funding to help those places in America our booming economy has left behind.

The bill fails to provide funds to carry out the recent bipartisan agreement between the President, the Speaker of the House, and other congressional leaders to implement bold and innovative programs -- including the New Markets Initiative. To help communities and people most in need, the Administration urges the House to fund the following specific initiatives as part of the bipartisan effort to help distressed communities and make investments in the untapped markets of America's inner cities, rural areas, and Native American reservations: grants for Empowerment Zones and Enterprise Communities, America's Private Investment Companies (APIC), Regional Connections, funding for the Mississippi Delta, Community and Interfaith Partnerships, and the New Markets University Partnerships.

The Committee bill would cut the Community Development Block Grant program (CDBG) and other housing and economic activity by $295 million relative to the enacted level. As a result, about 36,000 fewer people would receive housing rehabilitation, construction, and homebuyer assistance. About 12,000 fewer jobs would be created by CDBG.

The Committee bill does not include the $22 million requested for housing assistance, economic revitalization, and community development initiatives in the Delta. This funding, part of the Delta Regional Initiative, would be awarded competitively through the Community Development Grant program.

The Committee bill would cut requested homeless assistance by $180 million, including $105 million for rental assistance vouchers. The President's request would provide critical assistance to help homeless families who would otherwise have the greatest difficulty finding housing move to permanent housing with supportive services.

The bill also cuts the President's request for funds to provide new jobs and affordable housing for American Indians and Native Alaskans by $30 million. This request is part of the Administration's Native American Initiative.
Community Builders. The Committee bill terminates the Community Builder program, cuts $90 million from HUD's operating budget request, and delays expenditures for training, technical assistance, and management improvement funds (Section 421). These actions would hamstring the Department's efforts to deliver vital services to the American people. HUD's streamlining efforts over the past few years have already achieved significant staff reductions. The Committee bill's Community Builder provision is inconsistent with an agreement reached with the Committee during the FY 2000 appropriations process and could eliminate up to 800 existing positions. Instead of focusing on improving services and responsiveness, HUD would now be forced to manage a large personnel reduction and redefine roles throughout the Department.

Other Concerns

Report language accompanying the Committee bill would undercut the Department's discretion to manage its own budget by lowering staffing agency-wide and making HUD operate without the ability to travel, purchase supplies, and perform other basic agency functions. The Administration objects to these actions and strongly urges the House to provide an adequate operating budget -- free of micro-management -- that will permit proper stewardship of these important programs and prompt delivery of services to needy families.

The Committee provides only a $2.5 million increase for the Office of Federal Housing Enterprise Oversight (OFHEO). The Administration supports an increase of at least $4 million over the Committee level to ensure that OFHEO has the necessary capacity to provide effective oversight of enterprises that are growing and becoming more complex.

The Committee bill does not increase funding for the Lead Hazard Control program. The Administration's requested increase is vital to supporting a strategy to virtually eradicate lead poisoning in children by 2010.

The bill ignores the urgent need to address the problems of crime and drugs in public housing. The Committee bill fails to fund the President's $35 million request for the Public Housing Drug Elimination Program, including $30 million for gun safety and violence reduction.

The Administration encourages the House to fully fund the Office of Policy Development and Research, which contributes directly to improving the quality of HUD's policy decisions and programs, as well as the Department's Partnership for the Advancement of Technology in Housing (PATH) program to accelerate technologies that will improve the performance, energy efficiency, and affordability of America's housing.

National Science Foundation

The Administration strongly opposes the Committee's funding recommendations for the National Science Foundation (NSF). The Committee's bill would jeopardize our investment in the future by cutting NSF investments in science, engineering, and education by $508 million, 11 percent below the requested level. This reduction would seriously undermine priority investments in cutting-edge research and eliminate funding for almost 18,000 researchers and science and mathematics educators -- slowing innovation and reducing the number of well-trained students needed by the Nation's high tech industries. This reduction would also skew the balance among the different sciences within our R&D portfolio, eliminating physical science, mathematics, and engineering research that are needed, for example, to make our biomedical research investments much more productive.

Research Priorities. The Committee reduction would seriously undermine priority investments in Information Technology, Nanotechnology, and Biocomplexity. External advisory committees have emphasized the vital importance of sustained and adequate Federal investments for long-term, fundamental research in these key areas. By failing to provide the Administration's request in these priority areas, the House would severely

undercut support for the basic research that serves as the foundation for breakthroughs in health care, environmental protection, energy, food production, communications, and a host of technology dependent industries.

Research Facilities. The Committee's deletion of funding for Earthscope and the National Ecological Observatory Network (NEON) would delay the development of large-scale research equipment to enable us to understand better and predict earthquakes and threats to sensitive ecological regions. The Committee's refusal to fund a second terascale computer would significantly hamper the burgeoning demand from researchers across the country for high speed computer applications. The Administration is concerned by the Committee's decision to provide unrequested funding for the lower-priority High-Performance Instrumented Airborne Platform for Environmental Research aircraft instead of funding the second terascale computer, NEON, and Earthscope, all of which went through significant review prior to approval and endorsement by the National Science Board.

Education. The Administration is troubled by the Committee bill's inadequate funding for undergraduate education, which is $30 million, or 21 percent, below the Administration's request, and five percent below the FY 2000 enacted level. The Committee bill would provide no funds for the Scholarships for Service initiative, which is intended to educate the next generation of Federal information technology managers by awarding scholarships for the study of information assurance and computer security in exchange for federal service.

Opportunity Fund. The Committee bill would eliminate the Opportunity Fund, hindering NSF's ability to react to a rapidly changing research environment. The Fund allows NSF to fund innovative research that could lead to significant discoveries in new and emerging fields of science and engineering.

National Aeronautics and Space Administration (NASA)

The Administration appreciates the Committee's effort to fund the International Space Station program, Space Shuttle safety upgrades, and Space and Earth Science research. Likewise, we appreciate that the Committee has included no earmarks for projects that have not been subject to competitive selection and encourage the House to maintain this standard as it develops its bill.

However, the Administration strongly opposes the Committee bill's elimination of the $290 million requested for NASA's Space Launch Initiative, a program that is critical to the long-term future of NASA. The initiative promises to dramatically lower the cost of future space launch vehicles while significantly increasing safety and reliability. This program will enable new opportunities in space exploration as well as enhance the international competitiveness of the U.S. commercial launch industry. The Committee's action would also terminate two experimental launch vehicles, the X-34 and X-37, in which NASA has already invested more than $200 million in preparation for launches over the next three years. The Administration urges full restoration of funding for this critical initiative.

The Administration has several other concerns regarding NASA. First, the Administration opposes the elimination of the $20 million funding request for the "Living with a Star" initiative. This initiative would enhance our understanding of the sun and its impact on Earth and the environment, and would also help provide early warning against solar flares and mass ejections that can damage critical infrastructure such as civil, national security, and commercial satellites. Second, the Administration objects to the $55 million reduction to NASA's aeronautical research efforts that promise new technologies to reduce air traffic congestion. Third, the Administration requests removal of bill and report language preventing NASA from funding joint research projects with the U.S. Air Force. This limitation would greatly impair NASA and U.S. Air Force research efforts in aeronautics and space technology, forcing unnecessary duplication of efforts between both agencies.

The Administration strongly opposes three amendments that may be offered on the floor. The first amendment would terminate the International Space Station, an important new capability that promises major advances in science and technology. The second amendment would remove the Russian Government as a partner in the Station program. The Russians, who are preparing a critical element for launch to the Station next month, are valued partners on the program and removal would result in very costly delays and significant harm to our important relationship with them. The third amendment would place a statutory cost limitation on development and assembly of the Station. The Administration shares the interest of Congress in maintaining cost controls over the program and NASA has begun to institute such measures. However, this statutory cost cap would reduce planned spending to assemble the Station and could limit NASA's ability to deal with safety and unforeseen technical problems as they may arise.

Environmental Protection Agency

The Administration appreciates the Committee's decision not to include earmarked, special interest projects within the Environmental Protection Agency's (EPA's) budget. In previous years, the funding of this type of unauthorized, unrequested projects has severely squeezed funding for core environmental and statutorily required programs. The Administration hopes to work with the Congress to maintain restraint throughout the appropriations process. Despite the Committee's restraint on special interest projects, we have several major concerns with the funding provided for EPA in the Committee bill.

In particular, the Administration strongly opposes the $199 million or nearly ten-percent reduction to the Administration's request for EPA's basic environmental and public health programs, which are the backbone of the Agency's work. Unless reversed, a cut of this magnitude would seriously affect EPA's ability to provide American communities with cleaner water, cleaner air, and an improved quality of life. Major cuts are targeted at:

Environmental Enforcement. The Committee's reduction would deprive EPA of critically needed funding and undermining enforcement of environmental laws by capping specific expenditures for criminal and civil enforcement and compliance inspections. As a result, serious pollution problems caused by noncompliance would go unaddressed;

Climate Change Technology Initiative (CCTI). A cut of this magnitude would damage EPA's common sense voluntary programs designed to mitigate global climate change, improve the Nation's energy efficiency, reduce U.S. dependence on foreign oil, and save consumers money. The Committee bill also has made reductions that would set back efforts to develop fuel efficient automobiles, sport utility vehicles, and trucks;

Information Integration Initiative. The Committee bill would eliminate funding for a major effort to integrate environmental data bases, which is designed to give EPA and the States the tools to use environmental data more efficiently and cost-effectively in cleaning up the environment.

While the Administration appreciates the increases provided for the Clean Water Action Plan, we strongly urge restoration of funding for the Great Lakes Initiative. This funding is critically needed to address contaminated "areas of concern" in the Great Lakes. The Administration likewise urges restoration of funding for section 319 non-point source pollution control grants, to provide needed assistance in combating polluted runoff -- the largest remaining source of water pollution today -- and for State grant funding for the specific purpose of protecting water quality through Total Maximum Daily Load (TMDL) allocations. In addition, the Administration urges that all of the increased State grant funding in the bill be accompanied by increases in State matching funds, a requirement that the current Committee language does not ensure.

The Administration opposes the $67 million reduction to the request for Superfund funding available to the EPA, which under this Administration has operated at a record pace to clean up hazardous waste sites. This reduction would needlessly jeopardize the public health for citizens living near affected sites by eliminating virtually all new cleanup starts and making it difficult to meet the President's 900-site construction completion goal by FY 2002. Further, the Administration objects to the Committee's proposal to finance half of the appropriation from general revenue. Such financing is contrary to the "polluter pays" principle and would be unfair to the general public, who would be forced to pay for the irresponsible actions of polluters.

The Administration also objects to the elimination of funding for the Clean Air Partnership Fund. This Fund would provide grants to State and local governments for innovative projects that reduce multiple air pollutants, such as toxics, soot, and smog, as well as reducing greenhouse gases. This Fund would support a wide range of projects that would mean cleaner air and savings for consumers.

The Administration strongly objects to several anti-environmental riders:

Total Maximum Daily Load (TMDL) Water Pollution Rule. The Administration strongly objects to language blocking implementation of a pending revision to EPA's TMDL water pollution rule, which is intended to provide an effective, common-sense framework for cleaning up remaining polluted waters. This legislative rider would significantly slow efforts to clean up the almost 20,000 bodies of water nationwide that States have

identified as still too polluted for fishing and swimming. Stronger TMDL regulations are critical to delivering on the promise of the original Clean Water Act.

Kyoto Protocol. The Administration opposes Committee bill and report language relating to the Kyoto Protocol. The bill language is unnecessary as the Administration has no intent of implementing the Protocol prior to congressional ratification. To the extent that the bill or report language could be read to prevent EPA from assisting the President in carrying out his Constitutional authority to conduct international negotiations, it would be disruptive to those efforts and may well be unconstitutional. Additionally, the report language goes far beyond the compromise report language negotiated by conferees in the FY 1999 VA/HUD conference report (the only conference report language to date on this issue), and could be construed so as to prevent or negatively impact essential ongoing programs and initiatives.

Pesticide Tolerance Fees. The Administration strongly opposes Committee bill language preventing implementation of a statutorily required rule to charge pesticide tolerance fees. This language would cripple efforts to protect the public from dangerous pesticides by preventing collection of user fees intended to fund a major portion of the tolerance reassessment program in FY 2001. Further, the language would let pesticide manufacturers, who currently pay only one-tenth of the cost of issuing pesticide tolerances, off the hook for paying to protect the public from their products. It is also contrary to last year's conference report, which indicated that this rule would not be blocked in FY 2001.

Title VI Interim Guidance. The Administration is concerned that the Committee bill has retained the language regarding EPA's Title VI interim guidance. As a matter of principle, the language is a problem because it restricts our ability to effectively process and resolve complaints. The Administration continues to object to this language and notes that revised draft guidance is expected to be available shortly for public review and comment.

Protective Standards for Radon In Drinking Water. The House should delete Committee report language intended to prevent EPA from fulfilling its obligations under the bipartisan Safe Drinking Water Act Amendments of 1996 to develop protective standards for radon in drinking water, which the National Academy of Sciences has confirmed poses a cancer risk. The Committee language attempts to thwart EPA's efforts to protect public health, while providing the States with statutorily authorized flexibility to use a multi-media approach in limiting the public's exposure to radon.

Contaminated Sediments. In addition, the Administration objects to Committee report language intended to restrict EPA's ability to cleanup contaminated sediment sites that pose a threat to public health and the environment. The report language is broader in scope and more restrictive than previous report language. The Administration is very concerned that this language could stop or delay the cleanup of Superfund sites and other contaminated sediment sites across the country.

Objectionable Amendments. The Administration understands that an amendment may be offered to clarify congressional intent with regard to objectionable Committee report language on contaminated sediments, radon, and arsenic. We support such an amendment because of the potential adverse environmental impacts of this report language, if EPA were to follow the directions and delay cleanups of contaminated sediments, issuance of a health protective drinking water rule for radon, and enforcement of an existing arsenic standard. We would also oppose an amendment that would stop the process of designating and informing the public about areas not attaining clean air standards until resolution of pending litigation, thereby delaying achievement of cleaner air. The proposed amendment would block initial procedural steps that the court has allowed to proceed pending resolution of litigation related to new clean air standards.

Council on Environmental Quality

The Administration appreciates the additional $95,000 for FY 2001 provided in the Committee bill, but believes full funding of the requested increase of $204,000 is needed for the Council on Environmental Quality (CEQ) to fulfill its statutory responsibilities. The Administration opposes the limit included in Committee report language of 22 FTEs for CEQ, instead of the 26 estimated FTEs that were requested. This limitation would hamper CEQ's ability to provide for the optimal level of staff to run the agency efficiently.

Federal Emergency Management Agency

The Administration appreciates the efforts of the Committee to provide funds needed for the operation of the Federal Emergency Management Agency (FEMA). However, the Administration strongly urges the Committee to provide the $300 million requested in regular appropriations for disaster relief, as well as the full $2.6 billion in contingent emergency funding requested. These funds are needed to ensure FEMA's ability to respond quickly and fully to disasters in FY 2001.

With 600,000 Americans homeless, the Administration strongly urges the Committee to provide the full request of $140 million for the Emergency Food and Shelter Program. Failure to provide the full request would lead to 25 million fewer meals served and more than one million nights of temporary lodging that would not be provided. The Administration

appreciates the Committee's support for FEMA's mitigation programs. However, rather than providing the full request for pre-disaster mitigation (Project Impact) and repetitive loss buyouts, the Committee has elected to pursue an "either-or" strategy that will lead to reductions in pre-disaster mitigation, or fewer buyouts of repetitively flooded homes, or both. This strategy would only lead to increased long-term disaster costs. In addition, the Administration urges the Committee to fund the $23.6 million requested for FEMA's headquarters building requirements.

Community Development Financial Institutions Fund

The Administration is concerned with the House Committee's decision to fund the Community Development Financial Institutions (CDFI) Fund at $105 million, $20 million below the request. This reduction would result in approximately 30 fewer organizations receiving awards than assumed in the request. We urge the House to fully fund CDFI at the President's request of $125 million. The requested level will enable CDFI to meet the increasing demand by financial institutions to leverage investments, make loans, and provide technical assistance and other financial services in some of the country's most distressed communities.

Department of Veterans Affairs

Tobacco Litigation. The Administration strongly objects to this special interest provision that is intended to prohibit VA from transferring funds to the Department of Justice to support litigation against tobacco companies. VA spends more than $1 billion annually treating veterans suffering from tobacco-related conditions and is committed to helping the Federal Government recover these funds. As one of the three major client agencies in this litigation, VA would receive a share of any recoveries and would directly apply them to medical services for our Nation's veterans. The Administration strongly supports a bipartisan amendment expected to be offered to address this issue.

Medical Care -- Operation and Maintenance of Facilities. The Administration has serious concerns about the $3 billion limit on Medical Care funds that may be used for the operation and maintenance of facilities. There is no clear definition of the terms "operation and maintenance," so it is impossible to know the repercussions of such a limit. The Administration will work with the Congress to develop appropriate definitions and cost methodologies.

Medical Care -- Collections. The Committee has funded the President's Medical Care request, which includes full funding for new Millennium Bill benefits. However, the Committee has rejected the medical care collections proposal. As a result, total medical care funding comes at the expense of other critical VA programs.

Medical Care -- Hepatitis C. The Administration understands the importance of encouraging VA medical centers to reach out to more veterans with Hepatitis C. However, the Administration is concerned that integrating Hepatitis C patients in the current Complex Care category may significantly alter and disrupt the proper allocation of veteran medical resources across the Nation. Therefore, VA is creating a separate Complex Care allocation factor for Hepatitis C under Veterans Equitable Resource Allocation (VERA), and will calculate Veterans Integrated Service Network (VISN) resources using this new methodology.

Construction. The Administration opposes the $62 million reduction in Minor Construction funding, which would adversely affect all VA operations, ranging from patient safety and maintenance in VA medical centers to gravesite development in some national cemeteries.

Veterans Benefits Administration. The Committee bill reduces the President's request by $28 million, which represents a cut of almost three percent. Because the Committee would require VA to continue aggressively hiring new claims examiners, this cut would need to be taken in critical information technology initiatives, severely inhibiting the ability to modernize claims adjudication and expedite and improve processes.

Vocational Rehabilitation and Employment. The Administration is concerned by the Committee's rejection of our proposed one-time $30 million adjustment from the Readjustment Benefits account to the General Operating Expenses account to fund administrative services correctly.

Consumer Product Safety Commission

The Administration is concerned with the Committee's $1.5 million reduction to the President's request of $52.5 million for the Consumer Product Safety Commission. This reduction could impede the Commission's efforts to protect children and families against unreasonable risks of injury and death from consumer products.

Critical Infrastructure Protection/Cyber Crime

The Administration urges the House to fully fund the President's request for critical infrastructure protection/cyber crime for the National Science Foundation and Federal Emergency Management Agency (FEMA). These funds are a crucial component of the national, interagency effort to protect infrastructure -- particularly information systems -- in both Government and the private sector that is essential to the functioning of our economy, national defense, and the safety of the population. Specifically, the Administration urges the House to fund the President's request of $43 million, including $11.2 million for Scholarships for Service, for the National Science Foundation's critical infrastructure protection activities. The Scholarships for Service effort is intended to develop the next generation of Federal information technology managers by awarding scholarships for the study of information assurance and computer security in exchange for Federal service. Additionally, we urge the House to provide the President's request of $673,000 for FEMA to assess current internal vulnerabilities and several cyber protection issues.

June 13, 2000
(House Rules)

H.R. 4635 - DEPARTMENT OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 2001
(Sponsors: Young (R), Florida; Walsh (R), New York)
This Statement of Administration Policy provides the Administration's views on the Veterans, Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 2001, as approved by the House Committee. Your consideration of the Administration's views would be appreciated.

The President's FY 2001 Budget is based on a balanced approach that maintains fiscal discipline, eliminates the national debt, extends the solvency of Social Security and Medicare, provides for an appropriately sized tax cut, establishes a new voluntary Medicare prescription drug benefit in the context of broader reforms, expands health care coverage to more families, and funds critical investments for our future. An essential element of this approach is ensuring adequate funding for discretionary programs. To this end, the President has proposed discretionary spending limits at levels that we believe are necessary to serve the American people.

Unfortunately, the FY 2001 congressional budget resolution provides inadequate resources for discretionary investments. We need realistic levels of funding for critical government functions that the American people expect their government to perform well, including education, national security, law enforcement, environmental protection, preservation of our global leadership, air safety, food safety, economic assistance for the less fortunate, research and technology, and the administration of Social Security and Medicare. Based on the inadequate budget resolution, this bill fails to address critical needs of the American people.

The Committee allocation is $6 billion below the President's program level request. In order to approve a bill at the level of this allocation, the Committee has eliminated the Corporation for National and Community Service, and has severely reduced funding from the requests for the Department of Housing and Urban Development, the National Science Foundation, the National Aeronautics and Space Administration, the Environmental Protection Agency's basic environmental and public health programs, the Federal Emergency Management Agency, and other Administration priorities.

The Administration strongly opposes the Committee's action to terminate the Corporation for National and Community Service, including the AmeriCorps program. Eliminating funding for the Corporation would deny over one million young Americans the opportunity to provide vital community services and become better citizens as participants in the Corporation's AmeriCorps (62,000 participants) and Learn and Serve (1 million participants) programs. If the final bill presented to the President were to provide inadequate funding for the Corporation for National and Community Service, his senior advisers would recommend that the President veto the bill.

The Committee bill would also limit our ability to address poverty and the shortage of affordable housing, undermine investments in our future through space research and science and technology, reduce our ability to pursue critical opportunities in basic research through the National Science Foundation, adversely affect the environment and public health, and adversely affect our ability to respond quickly and fully to unforeseen disasters. Further, the Committee bill includes objectionable language provisions, such as anti-environmental riders, efforts to hamper the Department of Veterans Affairs ability to support the tobacco litigation using current statutory authority, and language limiting HUD's efforts to deliver vital services to the American people. For these reasons, if the bill were presented to the President in its current form, the President's senior advisers would recommend that he veto the bill.

Detailed discussions of certain of these issues, as well as additional Administration concerns with the Committee bill, are provided in the attachment. We look forward to working with the Committee to address our mutual concerns.

Attachment

DEPARTMENT OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 2001 (AS APPROVED BY THE HOUSE COMMITTEE)

Corporation for National Community Service

The Administration is deeply concerned that the House Committee bill terminates the Corporation for National and Community Service, including the AmeriCorps program. In FY 2001, the Committee bill would deny 62,000 Americans the opportunity to meet pressing education, public safety, and human and environmental needs in exchange for help with college costs through participation in AmeriCorps. This action would eliminate the President's goal of reaching 100,000 AmeriCorps participants a year by FY 2004. In addition, in FY 2001, the bill would prevent more than one million students from participating in service-learning programs that provide substantial academic and social benefits, including the opportunity to learn responsible citizenship. The Administration strongly urges the House to fully fund the Corporation at the requested level of $534 million.

Department of Housing and Urban Development

The Committee bill provides $29.9 billion for the Department of Housing and Urban Development (HUD), an overall programmatic reduction of $2.5 billion from the President's request, excluding proposed offsets. This reduction would eliminate most of the increases that the President has requested to help HUD address poverty and the shortage of affordable housing.

Housing Assistance. The bill provides no net new housing assistance. The Committee bill also fails to address the shortage of affordable housing to help homeless and low-income families, low-income elderly, the disabled, and people with HIV/AIDS.

The Committee bill fails to fund the Administration's request for 120,000 incremental rental assistance vouchers at a time when a record 5.4 million unassisted low-income households have "worst-case" housing needs and spend over 50 percent of their income on rent. This would add to the growing backlog of families who cannot afford decent, safe, and sanitary housing. In fact, the bill calls for a rescission of $275 million -- endangering funding for either renewals of existing vouchers or tenant protections.

The Committee bill would cut the request for housing for the elderly and disabled by $78 million and would cut requested assistance for people with HIV/AIDS by $28 million. The Administration encourages the Committee to restore requested funding to meet the needs of low-income elderly, the disabled, and people with HIV/AIDS. The bill also cuts the request for the HOME program by $65 million, which would mean 2,425 fewer households would receive critical assistance.

Reductions of $155 million in public housing programs, including some cuts below enacted levels, would reduce capital improvements, resulting in tens of thousands of additional public housing units developing moderate to severe physical problems. Such a large decrease in funding would only increase the rate of deterioration and accumulation of needs over time. This would be compounded by the failure to fund $54 million in operating subsidies for housing authorities and $60 million in HOPE VI funds to replace distressed housing projects.

The Administration is very concerned about the Committee bill's authorization of a new program to permit local housing authorities to spend reserve funds to increase rents and provide additional services in selected areas where the lease-up rates for housing vouchers may be experiencing problems. This costly new provision is overly permissive and has few controls. When fully implemented, it would increase costs as much as $500 million per year if local housing authorities opted to use it for only 10 to 15 percent of all housing vouchers. While more flexibility is needed to make housing vouchers work better, the Administration believes its more limited proposal for a $50 million Voucher Success Fund would accomplish the same goal more efficiently and without the risk of rapid cost increases.

The Committee bill does not provide sufficient funds for housing counseling and does not include provisions to create a new hybrid adjustable rate mortgage and increase the loan limit for FHA single family guarantees. The Administration urges the adoption of these measures to increase homeownership opportunities and reduce costs.

Community and Economic Development. The Committee bill fails to provide requisite funding to carry out the recent bipartisan agreement between the President, the Speaker of the House, and other congressional leaders to implement bold and innovative programs

-- including the New Markets Initiative and America's Private Investment Companies -- to help those places in America our booming economy has left behind.

To help communities and people most in need, the Administration urges the Committee to fund the following specific initiatives as part of the bipartisan effort to help distressed communities and make investments in the untapped markets of America's inner cities, rural areas, and Native American reservations: America's Private Investment Companies (APIC), Regional Connections, funding for the Mississippi Delta, Community and Interfaith Partnerships, and the New Markets University Partnerships.

The Committee bill would cut the Community Development Block Grant program (CDBG) and other housing and economic activity by $295 million relative to the enacted level. As a result, about 36,000 fewer people would receive housing rehabilitation, construction, and homebuyer assistance. About 12,000 fewer jobs would be created by CDBG.

The Committee bill would cut requested homeless assistance by $180 million, including $105 million for rental assistance vouchers. The President's request would provide critical assistance to help homeless families who would otherwise have the greatest difficulty finding housing move to permanent housing with supportive services.

The bill also cuts the President's request for funds to provide new jobs and affordable housing for American Indians and Native Alaskans by $30 million. This request is part of the Administration's Native American Initiative.
Community Builders. The Committee bill terminates the Community Builder program, cuts $90 million from HUD's operating budget request, and delays expenditures for training, technical assistance, and management improvement funds (Section 421). These actions would hamstring the Department's efforts to deliver vital services to the American people. HUD's streamlining efforts over the past few years have already achieved significant staff reductions. The Committee bill's Community Builder provision is inconsistent with an agreement reached with the Committee during the FY 2000 appropriations process and could eliminate up to 800 existing positions. Instead of focusing on improving services and responsiveness, HUD would now be forced to manage a large personnel reduction and redefine roles throughout the Department.

Other Concerns

Report language accompanying the Committee bill would undercut the Department's discretion to manage its own budget by lowering staffing agency-wide and making HUD operate without the ability to travel, purchase supplies, and perform other basic agency functions. The Administration objects to these actions and strongly urges the Committee to provide an adequate operating budget -- free of micro-management -- that will permit proper stewardship of these important programs and prompt delivery of services to needy families.
The Committee provides only a $2.5 million increase for the Office of Federal Housing Enterprise Oversight (OFHEO). The Administration supports an increase of at least $4

million over the Committee level to ensure that OFHEO has the necessary capacity to provide effective oversight of enterprises that are growing and becoming more complex.

The Committee bill does not increase funding for the Lead Hazard Control program. The Administration's requested increase is vital to supporting a strategy to virtually eradicate lead poisoning in children by 2010.

The bill ignores the urgent need to address the problems of crime and drugs in public housing. The Committee bill fails to fund the President's $35 million request for the Public Housing Drug Elimination Program, including $30 million for gun safety and violence reduction.

The Administration encourages the Committee to fully fund the Office of Policy Development and Research, which contributes directly to improving the quality of HUD's policy decisions and programs, as well as the Department's Partnership for the Advancement of Technology in Housing (PATH) program to accelerate technologies that will improve the performance, energy efficiency, and affordability of America's housing.
National Science Foundation

The Administration strongly opposes the Committee's funding recommendations for the National Science Foundation (NSF). The Committee's bill would jeopardize our investment in the future by cutting NSF investments in science, engineering, and education by $508 million, 11 percent below the requested level. This reduction would seriously undermine priority investments in cutting-edge research and eliminate funding for almost 18,000 researchers and science and mathematics educators -- slowing innovation and reducing the number of well-trained students needed by the Nation's high tech industries. This reduction would also skew the balance among the different sciences within our R&D portfolio, eliminating physical science, mathematics, and engineering research that are needed, for example, to make our biomedical research investments much more productive.

Research Priorities. The Committee reduction would seriously undermine priority investments in Information Technology, Nanotechnology, and Biocomplexity. External advisory committees have emphasized the vital importance of sustained and adequate Federal investments for long-term, fundamental research in these key areas. By failing to provide the Administration's request in these priority areas, the Committee would severely undercut support for the basic research that serves as the foundation for breakthroughs in health care, environmental protection, energy, food production, communications, and a host of technology dependent industries.

Research Facilities. The Committee's deletion of funding for Earthscope and the National Ecological Observatory Network (NEON) would delay the development of large-scale research equipment to enable us to understand better and predict earthquakes and threats to sensitive ecological regions. The Committee's refusal to fund a second terascale computer would significantly hamper the burgeoning demand from researchers across the country for high speed computer applications. The Administration is concerned by the

Committee's decision to provide unrequested funding for the lower-priority High-Performance Instrumented Airborne Platform for Environmental Research aircraft instead of funding the second terascale computer, NEON, and Earthscope, all of which went through significant review prior to approval and endorsement by the National Science Board.

Education. The Administration is troubled by the Committee bill's inadequate funding for undergraduate education, which is $30 million, or 21 percent, below the Administration's request, and five percent below the FY 2000 enacted level. The Committee bill would provide no funds for the Scholarships for Service initiative, which is intended to educate the next generation of Federal information technology managers by awarding scholarships for the study of information assurance and computer security in exchange for federal service.

Opportunity Fund. The Committee bill would eliminate the Opportunity Fund, hindering NSF's ability to react to a rapidly changing research environment. The Fund allows NSF to fund innovative research that could lead to significant discoveries in new and emerging fields of science and engineering.

National Aeronautics and Space Administration (NASA)

The Administration appreciates the Committee's effort to fund the International Space Station program, Space Shuttle safety upgrades, and Space and Earth Science research. Likewise, we appreciate that the Committee has included no earmarks for projects that have not been subject to competitive selection and encourage the Committee to maintain this standard as it develops its bill.

However, the Administration strongly opposes the Committee bill's elimination of the $290 million requested for NASA's Space Launch Initiative, a program that is critical to the long-term future of NASA. The initiative promises to dramatically lower the cost of future space launch vehicles while significantly increasing safety and reliability. This program will enable new opportunities in space exploration as well as enhance the international competitiveness of the U.S. commercial launch industry. The Committee's action would also terminate two experimental launch vehicles, the X-34 and X-37, in which NASA has already invested more than $200 million in preparation for launches over the next three years. The Administration urges full restoration of funding for this critical initiative.

The Administration has several other concerns regarding NASA. First, the Administration opposes the elimination of the $20 million funding request for the "Living with a Star" initiative. This initiative would enhance our understanding of the sun and its impact on Earth and the environment, and would also help provide early warning against solar flares and mass ejections that can damage critical infrastructure such as civil, national security, and commercial satellites. Second, the Administration objects to the $55 million reduction to NASA's aeronautical research efforts that promise new technologies to reduce air traffic congestion. Third, the Administration requests removal of bill and report language preventing NASA from funding joint research projects with

the U.S. Air Force. This limitation would greatly impair NASA and U.S. Air Force research efforts in aeronautics and space technology, forcing unnecessary duplication of efforts between both agencies.

Environmental Protection Agency

The Administration appreciates the Committee's decision not to include earmarked, special interest projects within the Environmental Protection Agency's (EPA's) budget. In previous years, the funding of this type of unauthorized, unrequested projects has severely squeezed funding for core environmental and statutorily required programs. The Administration hopes to work with the Congress to maintain restraint throughout the appropriations process. Despite the Committee's restraint on special interest projects, we have several major concerns with the funding provided for EPA in the Committee bill.

In particular, the Administration strongly opposes the $199 million or nearly ten-percent reduction to the Administration's request for EPA's basic environmental and public health programs, which are the backbone of the Agency's work. Unless reversed, a cut of this magnitude would seriously affect EPA's ability to provide American communities with cleaner water, cleaner air, and an improved quality of life. Major cuts are targeted at:

Environmental Enforcement. The Committee's reduction would deprive EPA of critically needed funding and undermining enforcement of environmental laws by capping specific expenditures for criminal and civil enforcement and compliance inspections. As a result, serious pollution problems caused by noncompliance would go unaddressed;

Climate Change Technology Initiative (CCTI). A cut of this magnitude would damage EPA's common sense voluntary programs designed to mitigate global climate change, improve the Nation's energy efficiency, reduce U.S. dependence on foreign oil, and save consumers money. The Committee bill also has made reductions that would set back efforts to develop fuel efficient automobiles, sport utility vehicles, and trucks;

Information Integration Initiative. The Committee bill would eliminate funding for a major effort to integrate environmental data bases, which is designed to give EPA and the States the tools to use environmental data more efficiently and cost-effectively in cleaning up the environment.

While the Administration appreciates the increases provided for the Clean Water Action Plan, we strongly urge restoration of funding for the Great Lakes Initiative. This funding is critically needed to address contaminated "areas of concern" in the Great Lakes. The Administration likewise urges restoration of funding for section 319 non-point source pollution control grants, to provide needed assistance in combating polluted runoff -- the largest remaining source of water pollution today -- and for State grant funding for the specific purpose of protecting water quality through Total Maximum Daily Load (TMDL) allocations. In addition, the Administration urges that all of the increased State grant funding in the bill be accompanied by increases in State matching funds, a requirement that the current Committee language does not ensure.

The Administration opposes the $67 million reduction to the request for Superfund funding available to the EPA, which under this Administration has operated at a record pace to clean up hazardous waste sites. This reduction would needlessly jeopardize the public health for citizens living near affected sites by eliminating virtually all new cleanup starts and making it difficult to meet the President's 900-site construction completion goal by FY 2002. Further, the Administration objects to the Committee's proposal to finance half of the appropriation from general revenue. Such financing is contrary to the "polluter pays" principle and would be unfair to the general public, who would be forced to pay for the irresponsible actions of polluters.

The Administration also objects to the elimination of funding for the Clean Air Partnership Fund. This Fund would provide grants to State and local governments for innovative projects that reduce multiple air pollutants, such as toxics, soot, and smog, as well as reducing greenhouse gases. This Fund would support a wide range of projects that would mean cleaner air and savings for consumers.

The Administration strongly objects to several anti-environmental riders:

Total Maximum Daily Load (TMDL) Water Pollution Rule. The Administration strongly objects to language blocking implementation of a pending revision to EPA's TMDL water pollution rule, which is intended to provide an effective, common-sense framework for cleaning up remaining polluted waters. This legislative rider would significantly slow efforts to clean up the almost 20,000 bodies of water nationwide that States have identified as still too polluted for fishing and swimming. Stronger TMDL regulations are critical to delivering on the promise of the original Clean Water Act.

Kyoto Protocol. The Administration opposes Committee bill and report language relating to the Kyoto Protocol. This language is unnecessary as the Administration has no intent of implementing the Protocol prior to congressional ratification. To the extent that this provision could be read to prevent EPA from assisting the President in carrying out his Constitutional authority to conduct international negotiations, it would be disruptive to those efforts and may well be unconstitutional.

Pesticide Tolerance Fees. The Administration strongly opposes Committee bill language preventing implementation of a statutorily required rule to charge pesticide tolerance fees. This language would cripple efforts to protect the public from dangerous pesticides by preventing collection of user fees intended to fund a major portion of the tolerance reassessment program in FY 2001. Further, the language would let pesticide manufacturers, who currently pay only one-tenth of the cost of issuing pesticide tolerances, off the hook for paying to protect the public from their products. It is also contrary to last year's conference report, which indicated that this rule would not be blocked in FY 2001.

Title VI Interim Guidance. The Administration is concerned that the Committee bill has retained the language regarding EPA's Title VI interim guidance. As a matter of principle, the language is a problem because it restricts our ability to effectively process

and resolve complaints. The Administration continues to object to this language and notes that revised draft guidance is expected to be available shortly for public review and comment.

Protective Standards for Radon In Drinking Water. The Committee should delete Committee report language intended to prevent EPA from fulfilling its obligations under the bipartisan Safe Drinking Water Act Amendments of 1996 to develop protective standards for radon in drinking water, which the National Academy of Sciences has confirmed poses a cancer risk. The Committee language attempts to thwart EPA's efforts to protect public health, while providing the States with statutorily authorized flexibility to use a multi-media approach in limiting the public's exposure to radon.

Contaminated Sediments. In addition, the Committee should delete Committee report language intended to restrict EPA's ability to cleanup contaminated sediment sites that pose a threat to public health and the environment. The report language is broader in scope and more restrictive than previous report language. The Administration is very concerned that this language could stop or delay the cleanup of Superfund sites and other contaminated sediment sites across the country.

Council on Environmental Quality

The Administration appreciates the additional $95,000 for FY 2001 provided in the Committee bill, but believes full funding of the requested increase of $204,000 is needed for the Council on Environmental Quality (CEQ) to fulfill its statutory responsibilities. The Administration opposes the limit included in Committee report language of 22 FTEs for CEQ, instead of the 26 estimated FTEs that were requested. This limitation would hamper CEQ's ability to provide for the optimal level of staff to run the agency efficiently.

Federal Emergency Management Agency

The Administration appreciates the efforts of the Committee to provide funds needed for the operation of the Federal Emergency Management Agency (FEMA). However, the Administration strongly urges the Committee to provide the $300 million requested in regular appropriations for disaster relief, as well as the full $2.6 billion in contingent emergency funding requested. These funds are needed to ensure FEMA's ability to respond quickly and fully to disasters in FY 2001.

With 600,000 Americans homeless, the Administration strongly urges the Committee to provide the full request of $140 million for the Emergency Food and Shelter Program. Failure to provide the full request would lead to 25 million fewer meals served and more than one million nights of temporary lodging that would not be provided. The Administration appreciates the Committee's support for FEMA's mitigation programs. However, rather than providing the full request for pre-disaster mitigation (Project Impact) and repetitive loss buyouts, the Committee has elected to pursue an "either-or" strategy that will lead to reductions in pre-disaster mitigation, or fewer buyouts of repetitively flooded homes, or both. This strategy would only lead to increased long-term

disaster costs. In addition, the Administration urges the Committee to fund the $23.6 million requested for FEMA's headquarters building requirements.

Community Development Financial Institutions Fund

The Administration is concerned with the House Committee's decision to fund the Community Development Financial Institutions (CDFI) Fund at $105 million, $20 million below the request. This reduction would result in approximately 30 fewer organizations receiving awards than assumed in the request. We urge the Committee to fully fund CDFI at the President's request of $125 million. The requested level will enable CDFI to meet the increasing demand by financial institutions to leverage investments, make loans, and provide technical assistance and other financial services in some of the country's most distressed communities.

Department of Veterans Affairs

Tobacco Litigation. The Administration strongly objects to this special interest provision that is intended to prohibit VA from transferring funds to the Department of Justice to support litigation against tobacco companies. VA spends more than $1 billion annually treating veterans suffering from tobacco-related conditions and is committed to helping the Federal Government recover these funds. As one of the three major client agencies in this litigation, VA would receive a share of any recoveries and would directly apply them to medical services for our Nation's veterans.

Medical Care -- Operation and Maintenance of Facilities. The Administration has serious concerns about the $3 billion limit on Medical Care funds that may be used for the operation and maintenance of facilities. There is no clear definition of the terms "operation and maintenance," so it is impossible to know the repercussions of such a limit. The Administration will work with the Congress to develop appropriate definitions and cost methodologies.

Medical Care -- Collections. The Committee has funded the President's Medical Care request, which includes full funding for new Millennium Bill benefits. However, the Committee has rejected the medical care collections proposal. As a result, total medical care funding comes at the expense of other critical VA programs.

Medical Care -- Hepatitis C. The Administration understands the importance of encouraging VA medical centers to reach out to more veterans with Hepatitis C. However, the Administration is concerned
that integrating Hepatitis C patients in the current Complex Care

category may significantly alter and disrupt the proper allocation of veteran medical resources across the Nation. Therefore, VA is creating a separate Complex Care allocation factor for Hepatitis C under Veterans Equitable Resource Allocation (VERA), and will calculate Veterans Integrated Service Network (VISN) resources using this new methodology.

Construction. The Administration opposes the $62 million reduction in Minor Construction funding, which would adversely affect all VA operations, ranging from patient safety and maintenance in VA medical centers to gravesite development in some national cemeteries.

Veterans Benefits Administration. The Committee bill reduces the President's request by $28 million, which represents a cut of almost three percent. Because the Committee would require VA to continue aggressively hiring new claims examiners, this cut would need to be taken in critical information technology initiatives, severely inhibiting the ability to modernize claims adjudication and expedite and improve processes.

Vocational Rehabilitation and Employment. The Administration is concerned by the Committee's rejection of our proposed one-time $30 million adjustment from the Readjustment Benefits account to the General Operating Expenses account to fund administrative services correctly.

Consumer Product Safety Commission

The Administration is concerned with the Committee's $1.5 million reduction to the President's request of $52.5 million for the Consumer Product Safety Commission. This reduction could impede the Commission's efforts to protect children and families against unreasonable risks of injury and death from consumer products.

Critical Infrastructure Protection/Cyber Crime

The Administration urges the Committee to fully fund the President's request for critical infrastructure protection/cyber crime for the National Science Foundation and Federal Emergency Management Agency (FEMA). These funds are a crucial component of the national, interagency effort to protect infrastructure -- particularly information systems -- in both Government and the private sector that is essential to the functioning of our economy, national defense, and the safety of the population. Specifically, the Administration urges the Committee to fund the President's request of $43 million, including $11.2 million for Scholarships for Service, for the National Science Foundation's critical infrastructure protection activities. The Scholarships for Service effort is intended to develop the next generation of Federal information technology managers by awarding scholarships for the study of information assurance and computer security in exchange for Federal service. Additionally, we urge the Committee to provide the President's request of $673,000 for FEMA to assess current internal vulnerabilities and several cyber protection issues.

September 25, 2000
(Senate)

H.R. 4635 - DEPARTMENT OF VETERANS AFFAIRS AND
HOUSING AND URBAN DEVELOPMENT, AND
INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 2001

(Sponsors: Stevens (R), Alaska; Bond (R), Missouri)
This Statement of Administration Policy provides the Administration's views on the Veterans, Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 2001, as approved by the Senate Committee. Your consideration of the Administration's views would be appreciated.

The President's FY 2001 Budget is based on a balanced approach that maintains fiscal discipline, eliminates the national debt, extends the solvency of Social Security and Medicare, provides for an appropriately sized tax cut, establishes a new voluntary Medicare prescription drug benefit in the context of broader reforms, expands health care coverage to more families, and funds critical investments for our future. An essential element of this approach is ensuring adequate funding for discretionary programs. To this end, the President has proposed discretionary spending limits at levels that we believe are necessary to serve the American people.

The President's senior advisers would recommend he veto the House bill over the elimination of funding for National Service, failure to address poverty and the shortage of affordable housing, undermining of investments in our future through space research and science and technology, reductions in our ability to pursue critical opportunities in basic research through the National Science Foundation, adverse affects on the environment and public health, adverse affects in our ability to respond quickly and fully to unforeseen disasters, and the inclusion of objectionable anti-environmental and other riders. The Administration appreciates the efforts of the Senate Committee in developing a bill that makes significant funding improvements over the House bill, as well as minimizing objectionable language riders. Despite these improvements, however, there continue to be serious problems that must be addressed before the bill is presented to the President.

While the Administration appreciates the Senate Committee's commitment to continue funding for the Corporation for National and Community Service, we regret that the Senate Committee bill provides inadequate funding, undermining the Administration's proposal to provide an additional 12,000 Americans the opportunity to help meet serious needs in communities across the country. The Senate Committee has severely reduced funding from the request for the Department of Housing and Urban Development (HUD), eliminating some of the most important increases that the President has requested to help HUD address poverty and the shortage of affordable housing. The Administration strongly objects to the Committee's decision not to fund new incremental Section 8 housing assistance vouchers in FY 2001, and to underfund Administration initiatives to invest in our Nation's cities, including the lack of funding for the Hastert-Clinton agreement on New Markets/Community Renewal/Empowerment Zones and the

Community Development Financial Institutions Fund. The Administration has serious concerns about the structure of the new housing production program included in the Committee bill.

The Administration appreciates the Committee's action to show strong support for the National Science Foundation (NSF) by providing a $400 million increase above the FY 2000 funding level. Although this is a 10-percent increase, it is still $275 million below the President's request. This reduction from the request would eliminate funding for almost 10,000 researchers and science and mathematics educators -- slowing innovation and reducing the number of well-trained students needed by the Nation's high tech industries. It would also reduce funding for critical Administration initiatives in information technology and nanotechnology.

The Administration has serious concerns about the Committee's reduction to the Environmental Protection Agency's (EPA's) basic operating programs, which would seriously affect EPA's ability to provide American communities with cleaner water, cleaner air, and safer food. The Administration is concerned that the Committee has significantly reduced the Administration's request and added earmarks for the National Aeronautics and Space Administration (NASA), presenting a severe obstacle in our ability to carry out current programs.

Detailed discussions of certain of these issues, as well as additional Administration concerns with the Senate Committee bill, are provided in the attachment. We look forward to working with the Congress to address our mutual concerns.

Attachment

Attachment

DEPARTMENT OF VETERANS AFFAIRS AND
HOUSING AND URBAN DEVELOPMENT, AND
INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 2001
(As Reported by the Senate Committee)
Corporation for National and Community Service

The Administration appreciates the Senate Committee's commitment to providing funding for the Corporation for National and Community Service. However, the amount provided for AmeriCorps and other programs is inadequate. In its current form, the Committee bill would cut AmeriCorps Grants by $77 million below the President's request and $26 million below the FY 2000 level. This action undermines the Administration's proposal to provide an additional 12,000 Americans the opportunity to

help meet serious needs in communities across the country -- including efforts to help bridge the digital divide -- and would reduce the current strength of AmeriCorps by 3,000. The Committee bill provides $29 million for program administration, $7 million below the request and $1 million above FY 2000. Fully funding program administration is crucial for the Corporation to support State commission administrative costs and continue making financial managerial improvements that the Congress and the Administration believe are critical. In addition, the $50 million rescission of balances in the National Service Trust could endanger the Corporation's ability to pay educational awards earned by AmeriCorps members in the future. The Administration strongly urges that additional funding be provided to the Corporation.

Department of Housing and Urban Development

The Senate bill provides $30.6 billion for the Department of Housing and Urban Development (HUD), an overall programmatic reduction of $1.8 billion to the President's request, excluding proposed offsets. This reduction would eliminate some of the most important increases that the President has requested to help HUD address poverty and the shortage of affordable housing.

Housing Assistance. The Senate bill provides no net new housing assistance. The Senate bill also fails to address the shortage of affordable housing to help homeless and low-income families, low-income elderly, the disabled, and people living with HIV/AIDS.

The Administration is disappointed that the Congress has failed to include our request for a program to support and encourage the production of housing for low-income families and begin to reverse the loss of housing being made available for assisted families. Instead, the Senate bill authorizes a new program for the production and rehabilitation of low-income housing via block grants to State housing finance agencies. This new program would not be targeted to places where the shortage of affordable housing is severe because it distributes funding based on population, not need. It would provide housing to families earning significantly more than the typical voucher-eligible family, which earns 30 percent or less of an area's median income. And, unlike portable vouchers, the proposed program would not provide families with the option to move in order to pursue better opportunity or seek housing that better meets their needs.

Even the most effective new construction program would require several years to provide new low-income housing. Yet the shortfall of affordable housing exists now. Therefore, the Administration's highest priority is to secure full funding of its request for housing vouchers that can provide more immediate assistance. The Committee's bill does not fund the request for 120,000 incremental housing vouchers to help hard-pressed families, including working families moving from welfare to work. As a result, the bill contributes to the growing backlog of poor families who cannot afford adequate housing. The Committee also does not provide adequate funds for the renewal of all existing contracts and tenant protection vouchers. Over three million families depend on the annual renewal of rental assistance. A reduction of over $400 million to the request for contract renewals

and tenant protection would mean that approximately 70,000 families currently receiving rental assistance could lose their housing.

In addition to securing the full request for housing vouchers, the Administration would like to work with the Congress to perfect and, within available resources, to fund, the Committee's proposed housing production program.

The Administration opposes the set-aside that the Senate bill carves out of the FHA multi-family fund for projects insured in conjunction with State housing finance agencies. This proposal would have a disastrous effect on FHA multi-family programs, cutting by half the funding available for programs that are already targeted to low-income families. FHA and its business partners depend on the flexibility of the multi-family program to finance successful projects. This set-aside would only tie the program's hands, not increase the availability of affordable housing.

The Administration objects to the new authorization in section 201, the Section 8 Voucher Success Demonstration, which would require the Secretary to approve rents up to 150 percent of the payment standard. HUD has already provided for higher payment standards, where necessary, through administrative action announced on September 12, 2000. Still needed, however, are flexible funds for search assistance and landlord outreach to assure success rates with vouchers in difficult markets. The Administration urges restoration of $50 million for these activities through the Administration's Voucher Success Fund proposal.

The Administration objects to the section 301 language that would reduce the opportunity of low-income families to rent where they choose with a housing voucher. The Senate bill would indirectly reduce this choice by permitting localhousing authorities to attach up to 25 percent of their vouchers to specific projects. The Administration believes the existing maximum of 15 percent is sufficient.

The Administration objects to the section 302 language limiting the Secretary's tools for disposition of HUD-held and HUD-owned multi-family properties to replacement with other project-based rental subsidies. The Secretary needs all existing tools, including portable housing vouchers, to protect tenants of subsidized projects and dispose of these properties in a cost-effective manner.

The Committee has failed to extend FHA's Downpayment Simplification program. This program has made FHA loan products easier to use and understand by realtors, lenders, and other parties and has been endorsed by FHA's business partners. Without extension of this authority, 7,000 lenders would have to change their processes and may no longer offer FHA products.

The Administration opposes the $28 million reduction below the request for the Housing Opportunities for People with AIDS (HOPWA) program, which impacts one of the most vulnerable populations in our society and would result in 5,170 fewer people living with HIV/AIDS receiving assistance. The proposed funding does not reflect the known demand for this program or the addition of four jurisdictions that will qualify for FY 2001 HOPWA funding.

The Administration opposes the Committee's reduction of $50 million below the request for the HOME program given the universally recognized success of this program, particularly in the area of increasing homeownership. There is bipartisan agreement that increasing homeownership and addressing a variety of other low-income housing needs is essential to improving our communities.

The Senate bill reduces requested funding for the homeless by $75 million. The Administration appreciates the $105 million for the Shelter Plus Care Program but prefers the House approach, which would include all funding in a single appropriation and the funding of Shelter Plus Care renewals through the Housing Certificate Fund. The direct impact of the Senate Committee action would be to crowd out grant funding for priority and emergency homeless needs identified by States and localities. The Administration believes that $105 million in funding should be provided for 18,000 vouchers that would provide permanent housing for long-term homeless. These vouchers are essential to meet one of the central goals discussed in the Senate Committee Report, to provide permanent housing.

The Administration appreciates the Senate's full support of public housing operating and capital investment needs but urges the Senate to fund HOPE VI at the requested level of $625 million. The denial of the $180 million set-aside would seriously jeopardize HUD's ability to ensure that the Nation's most severely distressed housing is demolished before the scheduled sunset of HOPE VI in FY 2002. Pursuant to a recent lawsuit settlement, we would like to work with the Congress both to provide $11.8 million in additional operating subsidy funds to the Puerto Rico Public Housing Administration, and to fully offset this increase.

The Senate bill does not provide sufficient funds for housing counseling, does not include provisions to create a new hybrid adjustable rate mortgage, and does not increase the loan limit for FHA single family guarantees. The Administration urges the adoption of these measures to increase homeownership opportunities and reduce costs.

Community and Economic Development. The Senate bill fails to provide requested funding to help those places in America that our booming economy has left behind.

The Administration is deeply concerned that the Committee bill does not reflect the New Markets/Community Renewal/Empowerment Zone agreement between the President and Speaker Hastert to stimulate economic development in impoverished inner city and rural areas. The bill provides none of the $200 million that the agreement would provide for Round 2 Empowerment Zones and Enterprise Communities, and the Administration urges the Senate to include this funding. Nor does the bill provide funding for America's Private Investment Companies (APIC), a central part of the agreement, and does not recognize the passage of APIC legislation in the House and active authorizing legislation in the Senate. Zero funding for APIC would eliminate $1.5 billion in new capital for new private sector business development and the attendant creation of thousands of jobs in untapped new markets.

The Administration opposes the $100 million reduction to the request for Community Development Block Grants (CDBG). This is the Nation's largest and most flexible community assistance program focused on economic and physical development of low- and moderate-income neighborhoods. The Administration's proposed funding level recognizes the unmet needs that this program addresses, the impact of inflation on the program, and the reduction in individual grant size due to an increase in the number of new entitlement communities. The lost funding for technical assistance is an important resource that directly aids current CDBG grantees, enabling them to use their grant funds more effectively.

The Senate bill does not fund several key set-asides within the Community Development Block Grant program including the $22 million requested for the Mississippi Delta, the $5 million for the New Markets University Partnerships, and the $20 million for the Community and Interfaith Partnerships Initiative.

The Administration encourages the Congress to allow all of Economic Development Initiative funds to be allocated through a competitive process that is open to all eligible communities rather than through the special provisions in the Senate Committee bill.

The Administration is concerned that the Senate bill does not include full funding for the Native American Block Grant portion of the Community Development Block Grant program, which includes funds for the Native American Economic Development Access Center.

HUD Operations. The Administration strongly objects to the $92 million reduction to the request for HUD Management and Administration. This cut would slash travel and other

necessary support services, and could result in up to 500 fewer civil service positions. In addition, language in the bill would severely limit HUD's ability to manage its resources. For example, the bill limits HUD to an average cost of $78,000 per FTE by December 2000, including the cost of all contractors, even though HUD projects that costs will be higher than this amount. Another provision would limit HUD to 9,100 employees. The Administration objects to these actions and strongly urges the Senate to provide an adequate operating budget -- free of micro-management -- that will permit proper stewardship of these important programs and prompt delivery of services to needy families.

Other Concerns. The Administration has several other concerns with provisions of the Senate Committee bill.

The Administration opposes the $7 million reduction to the request for the Fair Housing Initiatives Program (FHIP). The proposed reduction would eliminate funding of $2.5 million for the Project for Accessibility Training and Technical Assistance (PATTA) and $1 million for an accessibility-related Training Academy, which would strengthen past and current accessibility efforts through a Federal-building industry partnership. The funding request is focused directly on comments made by the Congress annually, asking that the Department provide guidance, education, and technical assistance in this area. Accessibility is a key component that drives a significant number of disability-related discrimination cases received by HUD. The Committee also eliminates $3.5 million of funds requested for the Fair Housing Partnership, which is a reduction of nearly 12 percent of HUD's budget for fair housing, despite research showing that discrimination remains a significant barrier to creating equal opportunities in society.

The Senate bill provides only a $2.5 million increase for the Office of Federal Housing Enterprise Oversight (OFHEO). The Administration supports an increase of at least $4 million over the Senate Committee level to ensure that OFHEO has the necessary capacity to provide effective oversight of enterprises that are growing and becoming more complex.

The elimination of $30 million for the Community Gun Safety and Violence Reduction initiative would seriously hinder HUD's ability to improve the safety of America's neighborhoods. Gun-related violence, which kills more than 30,000 and injures approximately 100,000 people each year, will continue to threaten the safety of communities HUD serves, thereby, undermining HUD's obligation to help ensure "a decent home and a suitable living environment for every American family."

The Administration urges the Senate to fully fund the request for Policy Development and Research (PD&R), which contributes directly to improving the quality of HUD's

policy decisions and programs, plus the Partnership for the Advancement of Technology in Housing (PATH) program, to accelerate technologies that will improve the performance, energy efficiency, and affordability of America's housing. Much of PD&R's budget is used to cover the costs of periodic surveys of housing markets and conditions. These include the American Housing Survey, which is congressionally mandated, and others, such as the Residential Finance Survey and the Survey of Market Absorption, used heavily by the housing industry. The costs of these surveys are imposed by the Census Bureau and have grown in recent years. If the Senate level stands, HUD would have to cancel major studies expected to yield useful insights into the effectiveness of: moving families from high- to low-poverty neighborhoods, work incentives and how they enhance assisted-housing residents' ability to obtain and retain employment, and policies designed to improve success rates among voucher holders.

Environmental Protection Agency

The Administration appreciates the Committee's restraint in attaching anti-environmental riders to the Environmental Protection Agency's (EPA's) appropriations, and in approving the Administration's Tribal initiatives. However, the Administration is disappointed that the Senate Committee has chosen not to follow the House's lead in avoiding earmarked, special interest projects within the EPA's budget. Unfortunately, these types of unrequested projects squeeze out funding for core environmental and statutorily required programs. The Administration hopes to work with the Congress through the remainder of the appropriations process to eliminate remaining riders and restrain special interest projects.

The Administration has several major concerns with the funding levels provided for EPA in the Committee bill that must be addressed before enactment. In particular, the Administration strongly opposes the $219 million, or more than five percent, reduction to the Administration's request for EPA's Operating Programs, which are the backbone of the Agency's work. A cut of this magnitude would seriously affect EPA's ability to provide American communities with cleaner water, cleaner air, and safer food. The reduction to the operating programs would force the Agency to choose between addressing critical environmental needs, such as protecting the public from pesticides, and conducting environmental enforcement.

Specifically, the Committee bill would hamper EPA's efforts to reduce smog, soot, and air toxic emissions, primarily in urban communities. This would leave 80 percent of our citizens exposed to hazardous air pollution. The Senate Committee's proposed reductions would also slow the Agency's efforts to control the causes of fish kills and hazardous algae blooms in the Nation's rivers, lakes, and streams. Major cuts are targeted at:

Clean Water Action Plan and Great Lakes Initiative. The Committee reductions would harm EPA efforts to provide States and localities with funding to help them address their water pollution problems. We strongly urge the Senate to restore requested funding for the Great Lakes Initiative. This funding is critically needed to address contaminated

"areas of concern" in the Great Lakes. The Administration, likewise, urges restoration of funding for section 319 non-point source pollution control grants, to provide needed assistance in combating polluted runoff -- the largest remaining source of water pollution today -- and for State grant funding for the specific purpose of protecting water quality through Total Maximum Daily Load (TMDL) allocations. In addition, the Administration urges that the increased State grant funding in the bill be accompanied by increases in State matching funds, a requirement that the current Senate language does not ensure.

Climate Change Technology Initiative (CCTI). The Administration urges full funding of EPA's Energy Programs, particularly in the face of the energy issues that the country is facing. A cut of the magnitude proposed in the bill would damage and further delay the common sense EPA programs designed to reduce the Nation's dependence on foreign oil, improve the Nation's energy efficiency and energy conservation efforts, and save consumers money, while also mitigating against global climate change. The Committee bill also makes reductions that would set back efforts to develop fuel-efficient automobiles, sport utility vehicles, and trucks.

Information Exchange Network. The Committee bill would eliminate all but $5 million for a major effort to integrate environmental databases, an initiative designed to give EPA and the States the tools to use environmental data more efficiently and cost-effectively in cleaning up the environment.

International Initiatives. The Committee bill would reduce funding for the Montreal Protocol by $9 million, hampering efforts to help developing countries reduce the use of ozone-depleting substances in order to protect the Earth's ozone layer, and eliminate $4 million in funding for international environmental monitoring and capacity building. The latter initiative is designed to help developing countries strengthen their capacity to establish effective environmental institutions and provide U.S. policymakers and businesses with reliable information about environmental conditions and policies in foreign markets. Failure to fund this initiative would undermine efforts to ensure that the increased trade stimulated by new trade programs and agreements, such as the U.S.-Caribbean Trade Partnership Act and African Growth and Opportunity Act, is accompanied by environmental improvements.

The Administration opposes the $72 million reduction to the request for Superfund funding available to the EPA, which under this Administration has operated at a record pace to clean up hazardous waste sites. This reduction would needlessly jeopardize the public health for citizens living near affected sites by eliminating virtually all new cleanup starts, depriving EPA of critical enforcement funds, and making it difficult to meet the President's 900-site construction completion goal by FY 2002. Further, the Administration objects to the Committee's proposal to finance half of the appropriation from general revenue. Such financing is contrary to the "polluter pays" principle and

would be unfair to the general public, who would be forced to pay for the irresponsible actions of polluters.

The Administration objects to the elimination of funding for the Clean Air Partnership Fund. This Fund would provide grants to State and local governments for innovative projects that reduce multiple air pollutants, such as toxics, soot, and smog, as well as reducing greenhouse gases. This Fund would support a wide range of projects that would mean cleaner air and savings for consumers.

The Administration also objects to the Senate's $50 million reduction in funding for critical infrastructure projects to address conditions along the U.S./Mexico border, where hundreds of thousands of residents face serious health threats caused by the discharge of untreated and inadequately treated wastewater. The incidence rates for typhoid in parts of the border area are nearly 200 times the U.S. nationwide rates and over 500 times the national rate for amoebic dysentery. Congress should restore full funding for this program.

Finally, the Administration opposes Committee bill language related to the Kyoto Protocol. The bill language, which purports to prohibit the implementation of the Kyoto Protocol, is unnecessary as the Administration has no intent of implementing the Protocol prior to congressional ratification.

Council on Environmental Quality

The Administration appreciates the additional $84,000 for FY 2001 provided in the Committee bill, but believes full funding of the requested increase of $204,000 is needed for the Council on Environmental Quality (CEQ) to fulfill its statutory responsibilities. The Administration opposes the Committee's bill language prohibiting the use of detailees by CEQ and urges the Senate to eliminate this language as the House has done.

National Aeronautics and Space Administration (NASA)

The Senate Committee bill provides $13,844 million for NASA, a reduction of $192 million to the President's request. The Administration appreciates the Committee's efforts to fully fund NASA's Space Launch Initiative, a critical priority for enabling a vibrant future civil space program. However, the Committee bill includes two, large unallocated reductions and a large number of unrequested earmarks. Together, these reductions and the net effect of earmarks totaling $406 million present a severe obstacle to NASA's ability to carry out current programs. The Administration urges the full restoration of funding and reconsideration of the serious displacement of NASA research and development activities threatened by the magnitude of earmarks included in the bill.

Earmarks. The Administration is gravely concerned with the number, size, and nature of unrequested earmarks in NASA's Science, Aeronautics, and Technology and Mission Support accounts. These earmarks amount to a net total of $214 million. Most of these

earmarks are site-specific, circumventing the competitive, peer-review process -- and several lack relevance to NASA's mission. In contrast, the House-passed bill includes no such earmarks. We encourage the Senate to adopt the House's restraint.

Science, Aeronautics, and Technology. The Administration strongly opposes the unallocated reduction of $92 million in NASA's Science, Aeronautics, and Technology account. This reduction, in addition to the $178 million in earmarks, would require the deferral or termination of several Space Science missions, Earth Science missions, and aeronautics research projects currently under development.

Human Space Flight. The Administration strongly opposes the unallocated reduction of $100 million made in NASA's Human Space Flight account. This reduction would hamper efforts to address risks at the height of International Space Station assembly, test, and operation.

Bill Language. While we appreciate the Committee's support for the transition of NASA's budget to full cost in FY 2002, the Administration objects to bill language that directs NASA to separate the Space Shuttle and International Space Station programs into two separate appropriation accounts. Furthermore, the Committee has not provided the needed flexibility for transition to the new account structure that is included in the Administration's proposal and the House-passed bill. This would undermine the integrated and efficient management of these two critical programs and hamper efforts to address critical unforeseen situations.

Community Development Financial Institutions

The Administration is very concerned with the Senate Committee's decision to fund the Community Development Financial Institutions (CDFI) Fund at $95 million, $30 million below the request. This reduction would result in approximately 45 fewer organizations receiving awards than assumed in the request. We urge the Senate to fully fund CDFI at the President's request of $125 million. Funding the Administration's request will enable CDFI to meet the increasing demand by financial institutions to leverage investments, make loans, and provide technical assistance and other financial services in some of the country's most distressed communities. In addition, we ask the Senate to adopt the appropriations language proposed in the budget and passed by the House, and to provide funding for administrative expenses at the level requested by the President.

National Science Foundation

The Administration will work with Congress to fully fund the President's requested 17-percent increase for NSF. The Administration is particularly concerned with the following priority areas.

Research Priorities. Although the Committee provides increases for priority investments in Information Technology, Nanotechnology, and Biocomplexity, the amount provided is $112 million, $92 million, and $61 million, respectively, below the request. External advisory committees have emphasized the vital importance of sustained and adequate Federal investments for long-term, fundamental research in these key areas. These priority areas hold great promise for breakthroughs that are revolutionary, likely reshaping science and engineering, and changing the way we think and live. The Administration is troubled by over $90 million in unrequested funding that displaces badly needed resources for critical programs.

Research Facilities. The Administration appreciates the Committee fully funding the Terascale Computing System. However, the Committee's deletion of funding for Earthscope and the National Ecological Observatory Network (NEON) will not only delay, but also impede the development of large-scale research equipment to enable us to understand better and to predict more reliably earthquakes and related threats to sensitive ecological regions of our country.

Education. The Administration appreciates the Committee fully funding the Scholarships for Service program to build a cadre of individuals in the Federal sector with the skills to protect the Nation's information systems. The Administration, however, is troubled by the Committee's $13 million reduction to the request for the Graduate Teaching Fellows in K-12 Education program. This program addresses instructional workforce issues by placing graduate students and advanced undergraduates in the K-12 classrooms as resources for teachers in science and mathematics at a time when there is a critical shortage of math and science teachers for our children.

Federal Emergency Management Agency

The Administration greatly appreciates the efforts of the Senate to provide funds needed for the operation of the Federal Emergency Management Agency (FEMA). The Administration also appreciates the Senate's support for FEMA's mitigation programs and recognition of the need for flood map modernization. This support will help to prevent future losses of life and property. However, the Administration urges the Senate to allow the use of up to $30 million of disaster relief funds for flood map modernization, as requested (instead of the $15 million provided in the Committee mark and without the restrictions in the Committee mark), and to provide the full request of $30 million for pre-disaster mitigation so that communities can take steps to become more disaster resistant.

The Administration strongly urges the Senate to provide the full request of $140 million for the Emergency Food and Shelter Program. Funding the program at only $110 million would result in 25 million fewer meals served and more than one million nights of temporary lodging not provided. The Administration also strongly urges the Senate to

provide the $25 million requested to establish a pilot grant program to fund firefighter health and safety-related activities. More than 100 firefighters lost their lives in the line of duty last year, and countless more were injured.

National Credit Union Administration

The Administration is concerned that the bill does not provide the $1 million requested for the National Credit Union Administration (NCUA) to support community development credit unions. The timely loans and technical assistance provided by NCUA help new and developing credit unions meet the needs of traditionally under-served customers. We request that the Senate restore these funds.

Department of Veterans Affairs

Medical Care. The Administration commends the Senate Committee for recognizing that the President's FY 2001 request for Medical Care fully funds the new benefits authorized in the Millennium Act, and supports its handling of the offsetting receipts authorized by that Act.

Construction. The Administration is pleased that the Senate fully funds Minor Construction but opposes the exclusion of $26.6 million from the Major Construction account for a new gero-psychiatric nursing home facility at the Menlo Park Division of the Palo Alto Health Care System. This project is VA's Capital Investment Board's top priority and has been judged to be the best alternative for addressing major seismic deficiencies in the existing facility that houses volatile and combative patients whom community facilities have consistently refused to accept. It is inconceivable that any recommendations from the Capital Asset Realignment for Enhanced Services (CARES) initiative will suggest closing or relocating this program.

Vocational Rehabilitation and Employment. The Administration commends the Senate for accepting the proposed, one-time $30 million adjustment from the Readjustment Benefits account to the General Operating Expenses account to fund correctly vocational rehabilitation services.

Paralympics. The Administration will work with Congress to provide language authorizing VA to spend no more than $2 million from the Medical Care account over a two-year period in support of the Paralympic Games, which follow the 2002 Olympic Games in Utah. VA sponsors rehabilitative sports programs for veterans four times each year and understands that recreation is an important part of the healing process for severely disabled people. Involvement in the 2002 Paralympics will give VA an opportunity to highlight its programs for disabled veterans.

Consumer Product Safety Commission

The Administration commends the Senate for providing $52.5 million for the Consumer Product Safety Commission, the same as the request, and $1.5 million more than the House has provided. These funds will ensure that the Commission's can sustain its efforts to protect children and families against unreasonable risks of injury and death from consumer products.

June 28, 2000
(House)

H.R. 4680 - Medicare Rx 2000 Act
(Thomas (R) CA and seven cosponsors)
The Administration strongly opposes House passage of H.R. 4680 because its private insurance benefit does not meet the President's test of being a meaningful Medicare prescription drug benefit that is affordable and accessible for all beneficiaries. H.R. 4680 builds on an unstable and unreliable Medigap market, an approach which the insurance industry itself has concluded is unworkable. If H.R. 4680 were presented to the President, he would veto it.

The President has made passing a voluntary Medicare prescription drug benefit one of his highest priorities. His principles for a drug benefit are that it be voluntary; be accessible to all beneficiaries; be meaningful; give eligible seniors and people with disabilities bargaining power to reduce drug prices; assure access to medically necessary drugs; and be affordable to beneficiaries and the Medicare program.

The President's plan would ensure that Medicare pays half of all participants' prescription drug costs up to $5,000 when fully phased in and that no eligible senior or person with a disability pays more than $4,000 out-of-pocket. In addition, seniors would benefit from price discounts negotiated by private pharmacy benefit managers. Beneficiaries would have a choice of getting coverage through traditional Medicare, managed care, or retiree plans. Those who voluntarily opted for the new benefit would pay a monthly premium of $25 in the first year, and low-income seniors would pay no or lower premiums and cost sharing. This coverage would start in 2002 and is part of the President's overall plan to strengthen and modernize Medicare.

The Democratic substitute, which the President strongly supports, also provides an affordable, meaningful Medicare drug benefit. It, too, covers half of costs up to $5,000 when fully phased in, includes a stop-loss of $4,000, and ensures that seniors have a choice of coverage through Medicare fee-for-service, managed care or retiree coverage. The President is dismayed that the Republican leadership refused to allow a vote on a true Medicare benefit that provides the resources necessary to ensure that premiums are affordable.

H.R. 4680 does not meet the President's principles for a meaningful prescription drug benefit. Specifically:

Private insurance model does not ensure access to a dependable benefit. H.R. 4680 relies on private insurers to offer Medicare beneficiaries a prescription drug benefit. The private insurance industry itself has repeatedly stated that they would not participate in this flawed plan. Even if they do participate, insurers could not be relied on to provide continuous coverage in all areas -- the same problem that we have in Medicare managed care today. Under the President's plan and the Democratic substitute, all beneficiaries --

including those in rural or otherwise underserved areas -- would be guaranteed a defined, accessible, reliable Medicare benefit for the same premium.

Private insurance model would not be affordable to all beneficiaries. Under H.R. 4680, Medicare would not provide a single dollar of direct premium assistance for middle-class beneficiaries (any senior with income above $12,600). Instead, the plan relies on subsidies to insurers, not seniors. Insurers would set premiums. Thus, seniors would pay different premiums from plan to plan and place to place. A rural senior would be at particular risk of facing excessive premiums since insurers would likely face little competition and less incentive to offer affordable coverage. The premium cited by the Republican leadership for H.R. 4680 has not been confirmed by the Congressional Budget Office or any other independent entity, unlike the President's plan. Even accepting the Republicans' claim that the premium would average $37 per month, this premium would be over 40 percent higher than the President's plan premium of $25 per month.

Seniors would pay more for less valuable and meaningful coverage. Under H.R. 4680, seniors and people with disabilities would pay a higher premium for less generous coverage. According to an analysis by the Department of Health and Human Services, the President's benefit would be 25 percent more valuable in 2003 and 50 percent more valuable when fully phased in than that of H.R. 4680. Moreover, private insurers may vary their benefits by setting their own deductibles, copays, and benefit limits within an actuarial value. This allows insurers to discourage enrollment by the oldest seniors and most disabled beneficiaries by offering no deductible and low copays, but also a low benefit cap that leaves a large gap in coverage before the stop-loss kicks in. In addition, private plans could limit access to community pharmacists and needed medications. Under the President's plan, seniors and people with disabilities would have a real choice: choice of using their community pharmacist and access to prescriptions that their doctor -- not their insurance company -- determines are necessary.
The Administration also objects to creating a new bureaucracy to administer the new drug benefit and Medicare+Choice. This is inconsistent with the President's principles of efficient administration of the drug benefit. The Administration believes that the prescription drug benefit should be integrated into the Medicare program like all other Medicare benefits. In addition, provisions in H.R. 4680 related to the Medicare Advisory Board and its reporting requirements raise constitutional concerns.

Pay-As-You-Go Scoring

H.R. 4680 would affect direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's estimate of the pay-as-you-go cost of this legislation is under development. The Congressional Budget Office estimates that H.R. 4680 will increase direct spending by a total of $39.7 billion over five years.

June 22, 2000
(House)

H.R. 4690 - DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 2001
(Sponsors: Young (R), Florida; Rogers (R), Kentucky)
This Statement of Administration Policy provides the Administration's views on the Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 2001, as reported by the House Committee. Your consideration of the Administration's views would be appreciated.

The President's FY 2001 Budget is based on a balanced approach that maintains fiscal discipline, eliminates the national debt, extends the solvency of Social Security and Medicare, provides for an appropriately sized tax cut, establishes a new voluntary Medicare prescription drug benefit in the context of broader reforms, expands health care coverage to more families, and funds critical investments for our future. An essential element of this approach is ensuring adequate funding for discretionary programs. To this end, the President has proposed discretionary spending limits at levels that we believe are necessary to serve the American people.

Unfortunately, the FY 2001 congressional budget resolution provides inadequate resources for discretionary investments. We need realistic levels of funding for critical government functions that the American people expect their government to perform well, including education, national security, law enforcement, environmental protection, preservation of our global leadership, air safety, food safety, economic assistance for the less fortunate, research and technology, and the administration of Social Security and Medicare. Based on the inadequate budget resolution, the Committee bill fails to address critical needs of the American people.

Consequently, given the severe underfunding of critical programs and highly objectionable language provisions in the bill, such as language undermining Justice's current lawsuit to recover funds from the tobacco industry, the President's senior advisers would recommend that he veto the bill if it were presented to him in its current form.

Below is a discussion of the Administration's specific concerns with the Committee bill. We look forward to working with the House to resolve these concerns as the bill moves forward.

Department of Justice

Tobacco Litigation Support. The Administration strongly objects to the provisions that would limit reimbursement authority by other agencies to the Department of Justice in support of their litigation against tobacco companies to recover money properly owed to the Treasury. These provisions would also restrict the use of the Health Care Fraud and Abuse Control account (HCFAC) by the Department of Justice in pursuit of this litigation. The Federal Government spends billions of dollars annually treating veterans,

service members, and all Federal medical beneficiaries suffering from tobacco-related illnesses. The reimbursement from other agencies to the Department of Justice is crucial in supporting the costs associated with bringing litigation against tobacco companies. Provisions limiting the reimbursement of this money and the use of the HCFAC would seriously undercut and threaten our ability to conduct litigation in this area on behalf of the American people. The Administration strongly supports an amendment we understand may be offered that would allow this important litigation to proceed.

Gun Enforcement. The Administration strongly opposes the bill's failure to fund key components of the President's Gun Enforcement Initiative, including $150 million to hire 1,000 state and local gun prosecutors. These state and local gun prosecutors are critical in taking more gun criminals off our streets and continuing to bring down gun crime across America. In addition, the bill fails to provide funding for local anti-gun violence media campaigns to help cities replicate programs like Richmond's "Project Exile" that advertise penalties for breaking gun laws. The bill also does not provide funding to expand research into "smart gun" technology, which can prevent unauthorized gun use and accidents by limiting a gun's use to its proper adult owner. Finally, the Committee has not included the President's proposed doubling of the National Criminal History Improvement Program (NCHIP) to help make Brady background checks faster and more effective. We are pleased, however, with the decision to fully fund the Administration's request to add more Federal gun prosecutors. The Administration strongly supports an amendment we understand may be offered to provide funding for 1,000 new state and local gun prosecutors.

Community Oriented Policing Services. The Administration strongly opposes the decision to provide only $595 million of the $1,335 million requested for the highly effective Community Oriented Policing Services program. The level provided would jeopardize the President's goal of funding up to 50,000 additional community police officers by FY 2005. The bill would defund the community prosecutors program, and would seriously underfund technology funding requested by the President to give law enforcement the tools they need to fight crime in the 21st Century. The bill also provides no funds to expand community-based crime prevention efforts to help build partnerships between law enforcement and the communities they serve.

Antitrust Enforcement and Consumer Protection. The Committee bill provides $113 million to the Department of Justice's Antitrust Division, $21 million below the request, and $135 million for the Federal Trade Commission, $30 million below the request. These levels would deny necessary funds to address and review the record number of mergers, to investigate violations of the antitrust laws, and to protect consumers from fraud and deception.

Counterterrorism. Despite now widespread recognition that the threat of terrorism has increased, the Committee has not funded most of the requested increases to enhance efforts to combat terrorism, including the initiatives in the Administration's budget amendments. For the FBI, this includes funding for services to translate electronic intercepts in a foreign language; equipment to improve the capability to conduct lawful

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The Administration urges the House to provide requested funding for design and construction work at the Suitland Federal Center. The nearly 60-year-old buildings at the Center are failing, threatening the health and safety of employees of NOAA and the Census Bureau.

Digital Divide Initiatives. The Administration urges full funding for initiatives to help close the Digital Divide and help communities benefit from the emerging digital economy. During its six-year history, the Technology Opportunities Program of the National Telecommunications and Information Administration (NTIA) has helped underserved and low-income communities across the country gain access to innovative information technology applications. The new Connecting America's Families (Home Internet Access) program builds on that success by supporting communities in their efforts to help low-income families receive the benefits of home access to computers and the Internet. The Committee provides no funding for the Home Internet Access Program and underfunds the Technology Opportunities Program. The bill also fails to provide $23 million for the Economic Development Administration's initiative to deploy broadband infrastructure in economically-distressed areas.

Chemical Weapons Convention Compliance. The Administration strongly urges full funding of the President's FY 2001 budget request of $8.5 million for Chemical Weapons Convention inspections at industry facilities. Without this funding, Commerce will be unable to conduct site assistance visits to help U.S. companies prepare for these international inspections and thereby better protect confidential business information. Commerce will also be unable to host the full complement of industry inspections required under the Convention. Failure to provide the necessary funds will likely result in U.S. noncompliance with its industry inspection obligations under the Convention.

Critical Infrastructure Protection. Recent events have underscored the importance of protecting critical infrastructure. The Administration urges support for the provision of the President's requested funding for the Critical Infrastructure Assurance Office and for the Expert Review Team in NIST to help Government agencies identify vulnerabilities and plan secure systems. Likewise, the Administration strongly urges funding to establish the Institute for Information Infrastructure Protection to address research and development shortfalls related to the protection of the Nation's critical infrastructures.

Economic and Statistical Infrastructure. While the Administration appreciates the bill's funding for the decennial census, the Congress should ensure that the census is not burdened with restrictive reprogramming language. Moreover, other statistical programs are inadequately funded, including the Census Bureau's continuous measurement program, which will provide current information to allocate nearly $200 billion in Federal funds annually, and the economic statistics programs in the Bureau of Economic Analysis. Failure to upgrade the Economic and Statistics Administration's inadequate computer and production systems would jeopardize production of the Nation's core economic statistics, including Gross Domestic Product and balance of trade accounts, and planned improvements in estimates of e-business, non-salary income, economic well-being, and exports.

International Trade Administration. The Administration urges the House to fully fund the $16 million trade compliance initiative requested to support the International Trade Administration's trade enforcement capabilities and ensure that U.S. companies and workers receive the full benefits of international agreements.

Patent and Trademark Office. The Committee bill reduces the Patent and Trademark Office (PTO) program level by $134 million from the request. Such severe constraints on the use of PTO fees when patent and trademark applications are at record levels make it difficult for the agency to process applications in a timely manner and issue patent and trademarks more rapidly. Longer processing times weaken the Nation's intellectual property system's ability to support the current high technology boom. While urging the House to fully fund the request for PTO, the Administration opposes an amendment we understand may be offered that would increase funding by imposing severe cuts elsewhere in Commerce and other departments (for example, cutting Commerce's Bureau of Economic Analysis programs and Census Bureau activities significantly).

Public Television's Digital Transition. The Administration urges full funding for NTIA's Public Telecommunications Facilities, Planning and Construction Program. Failure to fund this program could jeopardize the ability of public broadcasters to meet the Federally-mandated May 2003 deadline for the transition to digital broadcasting.

Economic Development Administration. The Committee mark would impair the Economic Development Administration (EDA) efforts to assist economically disadvantaged communities. It would eliminate assistance to be provided by EDA's proposed Office of Community Economic Adjustment to communities injured by economic downturns due to trade and other causes. The bill would also restrict EDA's ability to assist Native American and Delta communities, which have some of the Nation's most distressed economic conditions.

Security and Departmental Management. The bill fails to provide the centralized security funds requested to ensure a secure environment for Commerce employees and for sensitive data. In addition, the bill does not provide funds to upgrade the Department's electronic communications systems and create paperless administrative processes.

Legal Services Corporation

The bill funds the Legal Services Corporation (LSC) at $141 million, $163 million below the FY 2000 level and $199 million below the President's request of $340 million. This funding level is unacceptable and would severely cripple the program. Such a low funding level would undermine the commitment of the Federal Government to ensuring that all Americans, regardless of income, have access to the judicial system. The Administration urges the House to fully fund the President's request for the LSC.

Kyoto Protocol

The Administration opposes Committee bill and report language relating to the Kyoto Protocol. The bill language, which purports to prohibit implementation of the Kyoto Protocol is unnecessary, as the Administration has no intention of implementing the Protocol prior to ratification. To the extent these provisions could be read to prevent the United States from negotiating with foreign governments, it would be inconsistent with the President's Constitutional authority. In addition, the report language goes far beyond the compromise negotiated by conferees on the language originally agreed to in the FY 1999 appropriations process.

Small Business Administration

The Administration is deeply concerned that the Committee bill provides insufficient funding for critical Small Business Administration programs, especially the following:

Small Business Loans. The Committee bill provides only $9.2 billion in loan volume, a reduction of $500 million from the enacted level and $2.3 billion from the Administration's request. In addition, the Committee only provides $1.778 billion of the

$2 billion requested for the SBIC participating securities program. The microloan direct loan level and its accompanying technical assistance are less than half of the funding requested. The funding level for these programs would be insufficient to meet demand for small business loans and would lead to fewer new business start-ups.

New Markets Initiative. The Committee bill fails to provide the $58.3 million requested for the programs in the May 23rd New Markets Agreement between the President and the Speaker of the House ($21.7 million for venture capital, $30 million for technical assistance, and $6.6 million for BusinessLINC). Without these funds, the Administration and the Congress would be unable to keep commitments to bring America's economic prosperity and growth to those communities lagging behind the rest of the Nation.

Business Assistance Programs. The Committee has failed to provide the Administration's request for several business assistance programs, including: PRIME Technical Assistance Grants ($15 million), SBIR Phase III ($15 million), Electronic Commerce ($5 million), and HUBZones ($5 million). The Committee also has not provided the requested $5.75 million for the Native American Initiative ($3 million for Native American Small Business Development Centers, $1.25 million of BusinessLINC program funding and $1.5 million for Tribal Business Information Centers), which would provide needed business assistance to an important economically-underserved segment of our Nation. Further, the Committee has not provided the requested increases necessary to support other business assistance programs, including Women's Business Centers, One Stop Capital Shops, and SCORE.

Administrative Expenses. The Committee bill fails to provide the full Administration request for operating expenses, the additional $5 million requested for the Systems Modernization Initiative to begin work to modernize the disaster loan systems, $4 million for Workforce Transformation, and $7 million requested for the needed upgrade and maintenance of SBA's IT systems. These reductions would weaken SBA's loan program management and result in higher loan program costs.

Department of State and the Broadcasting Board of Governors

Contributions to International Peacekeeping. The Administration is strongly opposed to the devastating $241 million reduction of funding to pay our U.N. peacekeeping assessments. These payments fund ongoing operations and are for bills that we must pay. The absence of full and timely payment of our assessments would severely impede the success of critical U.N. missions in Kosovo, East Timor, Sierra Leone, Congo, Lebanon, and elsewhere. These missions support important U.S. interests. This reduction would also create substantial new arrears to the U.N. and jeopardize negotiations for much needed reforms that the Administration is undertaking to achieve the goals of the United Nations Reform Act of 1999 passed by the Congress last year, including a reduction in the U.S. peacekeeping assessment percentage.

Contributions to International Organizations. The Administration strongly opposes a provision that would withhold $100 million of our U.N. assessment pending a semi-

annual budget certification. This provision would only serve to handicap the U.N. finances unnecessarily, delay payment of our assessment as much as 20 months from the due date, and seriously undermine our campaign to lower the U.N. assessment rate ceilings for both the U.N. regular budget and for peacekeeping. We share the Committee's commitment to strict budget discipline at the United Nations and have worked hard to reduce the U.N.'s proposed operations budget to a level less than $3 million above the budget for the 1998-1999 biennium. We will continue to insist, as we have successfully done in the past, that any program increases in the U.N. be fully offset by program decreases. The Administration is also very concerned by a reduction of $43 million from our $923 million request that would leave us unable to pay our full assessments to the budgets of the U.N. and other international organizations. This reduction would also lead to the creation of new arrears.

State Department Operations and Embassy Security. The Administration appreciates the Committee's continued strong support for Administration efforts to improve embassy security by providing the President's full request for this critical activity. The Administration also appreciates funding provided to support the worldwide operations of the Department of State. However, the Administration is concerned that several earmarks, language provisions, and report language seek to micro-manage the activities of the Department of State and reduce the Administration's flexibility to address foreign policy needs. Of particular concern is report language that seeks to restrict the Department's ability to construct Agency for International Development facilities to be colocated on embassy compounds as required by the Secure Embassy Construction and Counterterrorism Act of 1999. The Administration is also concerned with the spending limit on machine readable visa fee revenues, constraining a program important to our border security, and is disappointed that the Committee has not recommended permanent authority to retain machine readable visa fees essential to sustaining the Department's border security program in future years. The Administration appreciates the Committee's support for the pilot test of a common information technology infrastructure overseas as recommended in the Overseas Presence Advisory Panel but regrets that additional new funding is not provided in the bill. Finally, the Administration is disappointed that the bill does not include requested advance appropriations for embassy security, funds for trade compliance and labor and environmental standards coordination, and transfer authority to meet potential needs of the Presidential Advisory Commission on Holocaust Assets. We believe the requested advance appropriations for embassy security will help ensure successful implementation of that long-term capital investment program.

Other International Accounts. The Administration is concerned about the large reductions below the FY 2001 request for the International Boundary and Water Commission, the International Joint Commission, the International Boundary Commission, the Border Environment Cooperation Commission, and the International Fisheries Commissions. These reductions would place a disproportionate burden on the operating budgets of these small agencies and would make it impossible to meet international treaty obligations. We also oppose the Committee's decision to eliminate funding for the East-West Center and the North-South Center.

International Broadcasting Operations. The Administration appreciates the Committee's support for the consolidation of WORLDNET with the Voice of America.

Emergencies in the Diplomatic and Consular Services. The Committee bill cuts the President's request for emergencies in the diplomatic and consular services by 50 percent, leaving the Department unprepared to bear the costs associated with evacuations above only a minimal level and to pay rewards currently advertised for the capture of suspected terrorists, narcotics traffickers, and war criminals.

Educational and Cultural Exchanges. While the Administration appreciates funding provided to continue ongoing educational and cultural exchanges at a current services level, we are disappointed that no program increases were provided, including the requested increase to the J. William Fulbright Educational Exchange Program.

Departmental Management. The Committee bill contains two unrequested authorization provisions that would significantly affect the management and operation of the Department of State. Section 403 would limit the number of Deputy Assistant Secretaries to 71 and constrain the Department's ability to meet current management requirements. Section 405 would create a new position, the Deputy Secretary for Management and Resources. The Secretary of State has identified an immediate need for the creation of an additional Under Secretary position for Security, Law Enforcement and Counter Terrorism. We oppose the creation of a second Deputy, and believe that any other organizational changes should be addressed through the regular authorization process.

Foreign Policy Issues. A number of provisions regarding the conduct of foreign affairs raise constitutional concerns. Section 610 regarding Vietnam would unconstitutionally constrain the President's authority with respect to the conduct of diplomacy. In addition, two provisions would unconstitutionally constrain the President's authority as Commander-in-Chief and authority with respect to the conduct of diplomacy: section 609, which relates to command and control of United Nations peacekeeping efforts; and, language in the Contributions for International

Peacekeeping Activities that would require a report to Congress prior to voting for a U.N. Peacekeeping mission.

Equal Employment Opportunity Commission

The Committee mark for the Equal Employment Opportunity Commission (EEOC) would eliminate over $30 million in requested program increases needed to ensure fair, efficient, and effective handling of employment discrimination charges, preventing the EEOC from achieving its goal of reducing its private-sector backlog to under 29,000. The Committee's $10 million increase over the enacted level falls short of amount needed by EEOC just to cover inflationary increases, forcing it to absorb the difference through program reductions. The Committee level would also set back the Commission's efforts to expand mediation opportunities for employers and employees. In addition, the EEOC

will be unable to provide training and outreach to combat wage discrimination as part of the President's Equal Pay Initiative. The Administration urges the House to support these important activities.

Commission on Civil Rights

The Committee's recommendation to freeze the Commission's funding at the FY 2000 level of $9 million, $2 million below the President's request, would impair the Commission's ability to advance civil rights for all Americans.

Office of the United States Trade Representative

The Committee mark, which is below the current services level for the Office of the United States Trade Representative (USTR), would reduce USTR's personnel level at a time when the President's Executive Order on environmental reviews, the Trade and Development Act of 2000, and the entry of China into the WTO would add major additional responsibilities to USTR's expanding workload, reinforcing the need for the 25 additional positions requested. The bill does not fund the 13 new enforcement positions requested as part of the President's Trade Compliance Initiative, which are needed to enforce those agreements that the United States has already concluded, and to ensure that our trading partners live up to their commitments so that American companies and workers receive the benefits promised under these agreements. Nor does the bill provide requested funds for the 12 professional positions for core negotiators and a security officer -- positions that are needed in the China, Agriculture, Japan, and other offices to implement existing trade laws and agreements, including the "Built-In" agenda under the Uruguay Round Agreement for agriculture and service. Without these additional staff, the implementation of these agreements will be slowed, and trade benefits for U.S. companies delayed.

Federal Communications Commission

The Committee mark would reduce funding for the Federal Communications Commission (FCC) below the FY 2000 level. This could seriously impair the FCC's ability to carry out its mission by delaying implementation of necessary information technology systems and would likely require an agency-wide furlough. In turn, this would slow down the FCC's regulatory processes leading to delays in implementation of new communication technologies. The Administration urges the House to fully fund FCC.

Securities and Exchange Commission

The Administration appreciates the Committee's increase of $25 million over the FY 2000 enacted level to provide for adjustments to base funding. However, the Administration encourages the House to provide an additional $30 million in requested program increases for information systems, additional staff, and special pay rates that are critical to ensuring the Commission can adequately respond to changes in the securities

industry. Given the anticipated level of fees and the dynamic nature of the securities markets, it would be wise to enhance the Commission's oversight capacity.

June 20, 2000
(House Rules)

H.R. 4690 - DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 2001
(Sponsors: Young (R), Florida; Rogers (R), Kentucky)
This Statement of Administration Policy provides the Administration's views on the Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 2001, as reported by the House Committee. Your consideration of the Administration's views would be appreciated.

The President's FY 2001 Budget is based on a balanced approach that maintains fiscal discipline, eliminates the national debt, extends the solvency of Social Security and Medicare, provides for an appropriately sized tax cut, establishes a new voluntary Medicare prescription drug benefit in the context of broader reforms, expands health care coverage to more families, and funds critical investments for our future. An essential element of this approach is ensuring adequate funding for discretionary programs. To this end, the President has proposed discretionary spending limits at levels that we believe are necessary to serve the American people.

Unfortunately, the FY 2001 congressional budget resolution provides inadequate resources for discretionary investments. We need realistic levels of funding for critical government functions that the American people expect their government to perform well, including education, national security, law enforcement, environmental protection, preservation of our global leadership, air safety, food safety, economic assistance for the less fortunate, research and technology, and the administration of Social Security and Medicare. Based on the inadequate budget resolution, the Committee bill fails to address critical needs of the American people.

Consequently, given the severe underfunding of critical programs and highly objectionable language provisions in the bill, such as language undermining Justice's current lawsuit to recover funds from the tobacco industry, the President's senior advisers would recommend that he veto the bill if it were presented to him in its current form.

Below is a discussion of the Administration's specific concerns with the Committee bill. We look forward to working with the House to resolve these concerns as the bill moves forward.

Department of Justice

Tobacco Litigation Support. The Administration strongly objects to the provisions that would limit reimbursement authority by other agencies to the Department of Justice in support of their litigation against tobacco companies to recover money properly owed to the Treasury. These provisions would also restrict the use of the Health Care Fraud and Abuse Control account (HCFAC) by the Department of Justice in pursuit of this litigation. The Federal Government spends billions of dollars annually treating veterans,

service members, and all Federal medical beneficiaries suffering from tobacco-related illnesses. The reimbursement from other agencies to the Department of Justice is crucial in supporting the costs associated with bringing litigation against tobacco companies. Provisions limiting the reimbursement of this money and the use of the HCFAC would seriously undercut and threaten our ability to conduct litigation in this area on behalf of the American people.

Gun Enforcement. The Administration strongly opposes the bill's failure to fund key components of the President's Gun Enforcement Initiative, including $150 million to hire 1,000 state and local gun prosecutors. These state and local gun prosecutors are critical in taking more gun criminals off our streets and continuing to bring down gun crime across America. In addition, the bill fails to provide funding for local anti-gun violence media campaigns to help cities replicate programs like Richmond's "Project Exile" that advertise penalties for breaking gun laws. The bill also does not provide funding to expand research into "smart gun" technology, which can prevent unauthorized gun use and accidents by limiting a gun's use to its proper adult owner. Finally, the Committee has not included the President's proposed doubling of the National Criminal History Improvement Program (NCHIP) to help make Brady background checks faster and more effective. We are pleased, however, with the decision to fully fund the Administration's request to add more Federal gun prosecutors.

Community Oriented Policing Services. The Administration strongly opposes the decision to provide only $595 million of the $1,335 million requested for the highly effective Community Oriented Policing Services program. The level provided would jeopardize the President's goal of funding up to 50,000 additional community police officers by FY 2005. The bill would defund the community prosecutors program, and would seriously underfund technology funding requested by the President to give law enforcement the tools they need to fight crime in the 21st Century. The bill also provides no funds to expand community-based crime prevention efforts to help build partnerships between law enforcement and the communities they serve.

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Failure to provide inflationary cost increases for core programs, along with other reductions in National Oceanic and Atmospheric Administration (NOAA) programs, could lead to staffing cuts of up to 1,000 employees. NOAA customers would receive reduced services -- including nautical charts, long-term climate and weather data, and fishery stock assessments. Reductions to the National Weather Service (NWS) request would jeopardize NWS base operations and would limit radiosonde replacements, potentially risking upper air observations. The Administration strongly recommends full funding for the climate services initiative, Climate and Global Change, the Clean Water Action Plan, the Global Disaster Information Network, the GLOBE program, NOAA weather radio, polar weather satellites, the Minority Serving Institutions initiative, and NOAA's investments in improved financial management.

The Administration urges the House to provide requested funding for design and construction work at the Suitland Federal Center. The nearly 60-year-old buildings at the Center are failing, threatening the health and safety of employees of NOAA and the Census Bureau.

Digital Divide Initiatives. The Administration urges full funding for initiatives to help close the Digital Divide and help communities benefit from the emerging digital economy. During its six-year history, the Technology Opportunities Program of the National Telecommunications and Information Administration (NTIA) has helped underserved and low-income communities across the country gain access to innovative information technology applications. The new Connecting America's Families (Home Internet Access) program builds on that success by supporting communities in their efforts to help low-income families receive the benefits of home access to computers and the Internet. The Committee provides no funding for the Home Internet Access Program and underfunds the Technology Opportunities Program. The bill also fails to provide $23 million for the Economic Development Administration's initiative to deploy broadband infrastructure in economically-distressed areas.

Weapons of Mass Destruction and Critical Infrastructure Protection. Recent events have underscored the importance of protecting critical infrastructure. The Administration urges

provision of the President's requested funding for the Bureau of Export Administration to ensure compliance with the Chemical Weapons Convention and to control the proliferation of sensitive technologies, for the Critical Infrastructure Assurance Office, and for the Expert Review Team in NIST to help Government agencies identify vulnerabilities and plan secure systems. Likewise, the Administration strongly urges funding to establish the Institute for Information Infrastructure Protection to address research and development shortfalls related to the protection of the Nation's critical infrastructures.

Economic and Statistical Infrastructure. While the Administration appreciates the bill's funding for the decennial census, the Congress should ensure that the census is not burdened with restrictive reprogramming language. Moreover, other statistical programs are inadequately funded, including the Census Bureau's continuous measurement program, which will provide current information to allocate nearly $200 billion in Federal funds annually, and the economic statistics programs in the Bureau of Economic Analysis. Failure to upgrade the Economic and Statistics Administration's inadequate computer and production systems would jeopardize production of the Nation's core economic statistics, including Gross Domestic Product and balance of trade accounts, and planned improvements in estimates of e-business, non-salary income, economic well-being, and exports.

International Trade Administration. The Administration urges the House to fully fund the $16 million trade compliance initiative requested to support the International Trade Administration's trade enforcement capabilities and ensure that U.S. companies and workers receive the full benefits of international agreements.

Patent and Trademark Office. The Committee bill reduces the Patent and Trademark Office (PTO) program level by $134 million from the request. Such severe constraints on the use of PTO fees when patent and trademark applications are at record levels make it difficult for the agency to process applications in a timely manner and issue patent and trademarks more rapidly. Longer processing times weaken the Nation's intellectual property system's ability to support the current high technology boom.

Public Television's Digital Transition. The Administration urges full funding for NTIA's Public Telecommunications Facilities, Planning and Construction Program. Failure to fund this program could jeopardize the ability of public broadcasters to meet the Federally-mandated May 2003 deadline for the transition to digital broadcasting.

Economic Development Administration. The Committee mark would impair the Economic Development Administration (EDA) efforts to assist economically disadvantaged communities. It would eliminate assistance to be provided by EDA's proposed Office of Community Economic Adjustment to communities injured by economic downturns due to trade and other causes. The bill would also restrict EDA's ability to assist Native American and Delta communities, which have some of the Nation's most distressed economic conditions.

Security and Departmental Management. The bill fails to provide the centralized security funds requested to ensure a secure environment for Commerce employees and for sensitive data. In addition, the bill does not provide funds to upgrade the Department's electronic communications systems and create paperless administrative processes.

Legal Services Corporation

The bill funds the Legal Services Corporation (LSC) at $141 million, $163 million below the FY 2000 level and $199 million below the President's request of $340 million. This funding level is unacceptable and would severely cripple the program. Such a low funding level would undermine the commitment of the Federal Government to ensuring that all Americans, regardless of income, have access to the judicial system. The Administration urges the House to fully fund the President's request for the LSC.

Kyoto Protocol

The Administration opposes Committee bill and report language relating to the Kyoto Protocol. The bill language, which purports to prohibit implementation of the Kyoto Protocol is unnecessary, as the Administration has no intention of implementing the Protocol prior to ratification. To the extent these provisions could be read to prevent the United States from negotiating with foreign governments, it would be inconsistent with the President's Constitutional authority. In addition, the report language goes far beyond the compromise negotiated by conferees on the language originally agreed to in the FY 1999 appropriations process.

Small Business Administration

The Administration is deeply concerned that the Committee bill provides insufficient funding for critical Small Business Administration programs, especially the following:

Small Business Loans. The Committee bill provides only $9.2 billion in loan volume, a reduction of $500 million from the enacted level and $2.3 billion from the Administration's request. In addition, the Committee only provides $1.778 billion of the $2 billion requested for the SBIC participating securities program. The microloan direct loan level and its accompanying technical assistance are less than half of the funding requested. The funding level for these programs would be insufficient to meet demand for small business loans and would lead to fewer new business start-ups.

New Markets Initiative. The Committee bill fails to provide the $58.3 million requested for the programs in the May 23rd New Markets Agreement between the President and the Speaker of the House ($21.7 million for venture capital, $30 million for technical assistance, and $6.6 million for BusinessLINC). Without these funds, the Administration and the Congress would be unable to keep commitments to bring America's economic prosperity and growth to those communities lagging behind the rest of the Nation.

Business Assistance Programs. The Committee has failed to provide the Administration's request for several business assistance programs, including: PRIME Technical Assistance Grants ($15 million), SBIR Phase III ($15 million), Electronic Commerce ($5 million), and HUBZones ($5 million). The Committee also has not provided the requested $5.75 million for the Native American Initiative ($3 million for Native American Small Business Development Centers, $1.25 million of BusinessLINC program funding and $1.5 million for Tribal Business Information Centers), which would provide needed business assistance to an important economically-underserved segment of our Nation. Further, the Committee has not provided the requested increases necessary to support other business assistance programs, including Women's Business Centers, One Stop Capital Shops, and SCORE.

Administrative Expenses. The Committee bill fails to provide the full Administration request for operating expenses, the additional $5 million requested for the Systems Modernization Initiative to begin work to modernize the disaster loan systems, $4 million for Workforce Transformation, and $7 million requested for the needed upgrade and maintenance of SBA's IT systems. These reductions would weaken SBA's loan program management and result in higher loan program costs.

Department of State and the Broadcasting Board of Governors

Contributions to International Peacekeeping. The Administration is strongly opposed to the devastating $241 million reduction of funding to pay our U.N. peacekeeping assessments. These payments fund ongoing operations and are for bills that we must pay. The absence of full and timely payment of our assessments would severely impede the success of critical U.N. missions in Kosovo, East Timor, Sierra Leone, Congo, Lebanon, and elsewhere. These missions support important U.S. interests. This reduction would also create substantial new arrears to the U.N. and jeopardize negotiations for much needed reforms that the Administration is undertaking to achieve the goals of the United Nations Reform Act of 1999 passed by the Congress last year, including a reduction in the U.S. peacekeeping assessment percentage.

Contributions to International Organizations. The Administration strongly opposes a provision that would withhold $100 million of our U.N. assessment pending a semi-annual budget certification. This provision would only serve to handicap the U.N. finances unnecessarily, delay payment of our assessment as much as 20 months from the due date, and seriously undermine our campaign to lower the U.N. assessment rate ceilings for both the U.N. regular budget and for peacekeeping. We share the Committee's commitment to strict budget discipline at the United Nations and have worked hard to reduce the U.N.'s proposed operations budget to a level less than $3 million above the budget for the 1998-1999 biennium. We will continue to insist, as we have successfully done in the past, that any program increases in the U.N. be fully offset by program decreases. The Administration is also very concerned by a reduction of $43 million from our $923 million request that would leave us unable to pay our full assessments to the budgets of the U.N. and other international organizations. This reduction would also lead to the creation of new arrears.

State Department Operations and Embassy Security. The Administration appreciates the Committee's continued strong support for Administration efforts to improve embassy security by providing the President's full request for this critical activity. The Administration also appreciates funding provided to support the worldwide operations of the Department of State. However, the Administration is concerned that several earmarks, language provisions, and report language seek to micro-manage the activities of the Department of State and reduce the Administration's flexibility to address foreign policy needs. Of particular concern is report language that seeks to restrict the Department's ability to construct Agency for International Development facilities to be colocated on embassy compounds as required by the Secure Embassy Construction and Counterterrorism Act of 1999. The Administration is also concerned with the spending limit on machine readable visa fee revenues, constraining a program important to our border security, and is disappointed that the Committee has not recommended permanent authority to retain machine readable visa fees essential to sustaining the Department's border security program in future years. The Administration appreciates the Committee's support for the pilot test of a common information technology infrastructure overseas as recommended in the Overseas Presence Advisory Panel but regrets that additional new funding is not provided in the bill. Finally, the Administration is disappointed that the bill does not include requested advance appropriations for embassy security, funds for trade compliance and labor and environmental standards coordination, and transfer authority to meet potential needs of the Presidential Advisory Commission on Holocaust Assets. We believe the requested advance appropriations for embassy security will help ensure successful implementation of that long-term capital investment program.

Other International Accounts. The Administration is concerned about the large reductions below the FY 2001 request for the International Boundary and Water Commission, the International Joint Commission, the International Boundary Commission, the Border Environment Cooperation Commission, and the International Fisheries Commissions. These reductions would place a disproportionate burden on the operating budgets of these small agencies and would make it impossible to meet international treaty obligations. We also oppose the Committee's decision to eliminate funding for the East-West Center and the North-South Center.

International Broadcasting Operations. The Administration appreciates the Committee's support for the consolidation of WORLDNET with the Voice of America.

Emergencies in the Diplomatic and Consular Services. The Committee bill cuts the President's request for emergencies in the diplomatic and consular services by 50 percent, leaving the Department unprepared to bear the costs associated with evacuations above only a minimal level and to pay rewards currently advertised for the capture of suspected terrorists, narcotics traffickers, and war criminals.

Educational and Cultural Exchanges. While the Administration appreciates funding provided to continue ongoing educational and cultural exchanges at a current services

level, we are disappointed that no program increases were provided, including the requested increase to the J. William Fulbright Educational Exchange Program.

Departmental Management. The Committee bill contains two unrequested authorization provisions that would significantly affect the management and operation of the Department of State. Section 403 would limit the number of Deputy Assistant Secretaries to 71 and constrain the Department's ability to meet current management requirements. Section 405 would create a new position, the Deputy Secretary for Management and Resources. The Secretary of State has identified an immediate need for the creation of an additional Under Secretary position for Security, Law Enforcement and Counter Terrorism. We oppose the creation of a second Deputy, and believe that any other organizational changes should be addressed through the regular authorization process.

Foreign Policy Issues. A number of provisions regarding the conduct of foreign affairs raise constitutional concerns. Section 610 regarding Vietnam would unconstitutionally constrain the President's authority with respect to the conduct of diplomacy. In addition, two provisions would unconstitutionally constrain the President's authority as Commander-in-Chief and authority with respect to the conduct of diplomacy: section 609, which relates to command and control of United Nations peacekeeping efforts; and, language in the Contributions for International Peacekeeping Activities that would require a report to Congress prior to voting for a U.N. Peacekeeping mission.

Equal Employment Opportunity Commission

The Committee mark for the Equal Employment Opportunity Commission (EEOC) would eliminate over $30 million in requested program increases needed to ensure fair, efficient, and effective handling of employment discrimination charges, preventing the EEOC from achieving its goal of reducing its private-sector backlog to under 29,000. The Committee's $10-million increase over the enacted level falls short of amount needed by EEOC just to cover inflationary increases, forcing it to absorb the difference through program reductions. The Committee level would also set back the Commission's efforts to expand mediation opportunities for employers and employees. In addition, the EEOC will be unable to provide training and outreach to combat wage discrimination as part of the President's Equal Pay Initiative. The Administration urges the House to support these important activities.

Commission on Civil Rights

The Committee's recommendation to freeze the Commission's funding at the FY 2000 level of $9 million, $2 million below the President's request, would impair the Commission's ability to advance civil rights for all Americans.

Office of the United States Trade Representative

The Committee mark, which is below the current services level for the Office of the United States Trade Representative (USTR), would reduce USTR's personnel level at a time when the President's Executive Order on environmental reviews, the Trade and Development Act of 2000, and the entry of China into the WTO would add major additional responsibilities to USTR's expanding workload, reinforcing the need for the 25 additional positions requested. The bill does not fund the 13 new enforcement positions requested as part of the President's Trade Compliance Initiative, which are needed to enforce those agreements that the United States has already concluded, and to ensure that our trading partners live up to their commitments so that American companies and workers receive the benefits promised under these agreements. Nor does the bill provide requested funds for the 12 professional positions for core negotiators and a security officer -- positions that are needed in the China, Agriculture, Japan, and other offices to implement existing trade laws and agreements, including the "Built-In" agenda under the Uruguay Round Agreement for agriculture and service. Without these additional staff, the implementation of these agreements will be slowed, and trade benefits for U.S. companies delayed.

Federal Communications Commission

The Committee mark would reduce funding for the Federal Communications Commission (FCC) below the FY 2000 level. This could seriously impair the FCC's ability to carry out its mission by delaying implementation of necessary information technology systems and would likely require an agency-wide furlough. In turn, this would slow down the FCC's regulatory processes leading to delays in implementation of new communication technologies. The Administration urges the House to fully fund FCC.

Securities and Exchange Commission

The Administration appreciates the Committee's increase of $25 million over the FY 2000 enacted level to provide for adjustments to base funding. However, the Administration encourages the House to provide an additional $30 million in requested program increases for information systems, additional staff, and special pay rates that are critical to ensuring the Commission can adequately respond to changes in the securities industry. Given the anticipated level of fees and the dynamic nature of the securities markets, it would be wise to enhance the Commission's oversight capacity.

October 6, 2000
(Senate)

H.R. 4690 - DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 2001
(Sponsors: Stevens (R), Alaska; Gregg (R), New Hampshire)
This Statement of Administration Policy provides the Administration's views on the Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 2001, as reported by the Senate Committee. Your consideration of the Administration's views would be appreciated.

The President's FY 2001 Budget is based on a balanced approach that maintains fiscal discipline, eliminates the national debt, extends the solvency of Social Security and Medicare, provides for an appropriately sized tax cut, establishes a new voluntary Medicare prescription drug benefit in the context of broader reforms, expands health care coverage to more families, and funds critical investments for our future. An essential element of this approach is ensuring adequate funding for discretionary programs. To this end, the President has proposed discretionary spending limits at levels that we believe are necessary to serve the American people.

Unfortunately, the FY 2001 congressional budget resolution provides inadequate resources for discretionary investments. We need realistic levels of funding for critical government functions that the American people expect their government to perform well, including education, national security (including critical infrastructure protection and counterterrorism initiatives), law enforcement, environmental protection, preservation of our global leadership, air safety, food safety, economic assistance for the less fortunate, research and technology, and the administration of Social Security and Medicare. Based on the inadequate budget resolution, this bill fails to address critical needs of the American people.

The Senate Committee-reported bill severely underfunds critical programs and includes highly objectionable language provisions. For example, funding that needs to be restored includes the following: tobacco litigation support, funding to support the agreement between the President and the Speaker regarding New Markets/Empowerment Zones and Renewal Communities, U.S. contributions to international peacekeeping, community oriented policing services, gun enforcement programs, civil rights and legal services, counterterrorism and critical infrastructure programs, construction to provide greater security for U.S. embassies, anti-drug abuse programs, programs to assist in the reentry of offenders, law enforcement for Native Americans, programs to close the "digital divide," public television's digital transition, environmental programs to enhance and restore fisheries and coastal areas, improved climate information, trade compliance and promotion efforts, and economic development funding for disadvantaged communities. Consequently, the President's senior advisers would recommend that he veto the bill if it were presented to him in its current form.

The Administration understands that an amendment will be considered to provide $22 million to the Department of Justice to support the costs of ongoing tobacco litigation. We strongly support this funding provision. The Department of Justice lawsuit alleges that the tobacco companies have conducted their business for decades in a false and deceptive manner, without regard to the truth, the law, or the health of the American public. This matter is now being considered by the courts, which will determine whether the tobacco companies should bear responsibility for the staggering costs of treating tobacco-related illnesses. The Administration urges the Congress not to undermine the judicial process by underfunding Justice's efforts.

In addition, the Administration also strongly supports efforts by Members of Congress to address injustices in the immigration system by changing the registry date and amending the Nicaraguan Adjustment and Central American Relief Act (NACARA), and reinstating section 245(i). This amendment would help individuals and their families who have been living for many years in the United States and have developed strong ties to their communities by giving them the opportunity they deserve to normalize their immigration status. We urge the Senate to accept this amendment. The President will insist that these provisions be included before the bill is signed into law. While we support the Committee's decision to reinstate section 245(i), we object to using the revenues for the purposes recommended by the Committee and urge that the funds be used instead to reduce the backlog of naturalization applications and to support detention funding.

The attachment provides a discussion of the Administration's specific concerns with the Senate Committee bill.

Attachment

Attachment

DEPARTMENTS OF COMMERCE, JUSTICE AND
STATE, THE JUDICIARY, AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 2001
(As Reported by the Senate Committee)

Department of Justice

Tobacco Litigation Support. The Administration strongly objects to language in the Committee bill requiring reprogramming notification for all reimbursements to the Department of Justice's General Legal Activities accounts. Enactment of this provision

could potentially restrict the Department from utilizing agency reimbursement to support the cost of pursuing tobacco litigation. In addition, it would create a tremendous administrative burden by requiring the legal divisions to submit over 200 reprogrammings associated with reimbursements annually to the Congress. We strongly urge the Senate not to adopt this language. The Administration understands that an amendment to provide $22 million to the Department of Justice to support the costs of ongoing tobacco litigation may be offered. We strongly support this funding provision.

Immigration Provisions. The Administration strongly supports efforts by Members of Congress to address injustices in the immigration system by changing the registry date and amending the Nicaraguan Adjustment and Central American Relief Act. We understand that an amendment will be considered on these issues. The President will insist that these provisions be included before the bill is signed into law. People who have been living for many years in the United States and have developed strong ties to their communities deserve the opportunity to normalize their immigration status. While we support the Committee's decision to reinstate section 245(i), we object to using the revenues for the purposes recommended by the Committee and urge that the funds be used instead to reduce the backlog of naturalization applications and to support detention funding.

Community Oriented Policing Services. The Administration appreciates the Senate Committee's decision to fund the Community Oriented Policing Services (COPS) at a higher level than the House. Nevertheless, the proposed level of $812 million is still $523 million below the Administration's request. We are concerned that this funding level may jeopardize the President's goal of funding up to 50,000 additional community police officers by FY 2005. In addition, the Administration strongly objects to the bill's failure to provide any funds for community prosecutors or the Police Integrity Initiative. We strongly urge the Senate to fully fund the Administration's request for COPS.

Amendments to the Ethics in Government Act. The Administration strongly opposes provisions amending the Ethics in Government Act, which would exempt judges from the honoraria prohibition and exclude honoraria from the definition of outside earned income. While the Administration fully agrees that adequate judicial pay is an important component of judicial independence, we have serious objections to augmenting compensation for public officials in this manner. Moreover, this provision would have significant effects on the ethics law applicable to all three branches. It is the kind of change in law that should be made only after an opportunity for thoughtful deliberation.

The honoraria prohibition of 5 U.S.C. app. § 501(b) being amended by this provision was struck down as unconstitutional in part by the Supreme Court in 1995 and determined by the Department of Justice to have no surviving force. To now amend this provision to exclude certain officers and employees of the judiciary without addressing the intended application to other officers and employees in all three branches could create confusion

regarding the status of the honoraria prohibition as it applies to the other branches. In addition, by excluding honoraria from the definition of outside earned income, the amendment would change the statute to allow senior employees in all three branches to earn unlimited honoraria. This represents a change in the ethics law, which currently imposes a 15-percent limit on outside earned income for such employees.

Gun Prosecutors. The Administration strongly opposes the failure of the Committee bill to fund nearly all of the Justice Department components of the President's Gun Enforcement Initiative, including the absence of any funding for Federal and local gun prosecutors to enhance prosecutions of dangerous gun criminals and illegal gun traffickers. The bill fails to provide funding for local anti-gun violence media campaigns to help cities replicate programs like Richmond's "Project Exile," which sends a message to criminals about tough penalties for violating gun laws. The bill also fails to provide the funding increase requested for "smart gun" technology, which can prevent unauthorized gun use and accidents by limiting the use of a given gun to its proper owner. The bill provides only $33 million of the requested $70 million for the National Criminal History Improvement Program, which would upgrade criminal history records to help make Brady background checks faster and more effective. We strongly encourage the Senate to include funding for these important initiatives.

Law Enforcement and Litigation. The Administration opposes the funding levels provided for high-priority Federal law enforcement and litigation programs, including the FBI, the U.S. Attorneys, and the Department of Justice's legal divisions. The Committee bill provides $4.7 billion, $419 million below the Administration's request for these activities. The Committee mark, including the rescission of $40 million in previously available funds for the FBI's Information Sharing Initiative (now titled e-FBI) and the elimination of $20 million in base funding for e-FBI, would threaten the ability of the FBI to maintain its current level of operations.

The bill provides only $121 million to the Antitrust Division, $13 million below the Administration's request. This level of funding would inhibit the Division's ability to review the record number of corporate mergers and to investigate violations of antitrust laws. The Committee bill provides inadequate resources to represent the interests of the United States in the Nation's courts, thereby putting the U.S. Treasury at risk of paying out claims that lack merit and diminishing the Government's ability to pursue criminal and civil enforcement actions. Our litigating components, including the U.S. Attorneys, would lose 900 positions, including 400 attorneys. The Administration also objects to language included in the Committee bill and report that would require that funding be cut off mid-year for U.S. Attorneys unless the Attorney General publishes rules related to the conduct of Department employees and which limit payment of any potential judgments resulting from the case of Doe v. U.S. to the salaries and expenses of U.S. Attorneys and general legal divisions.

Civil Rights Enforcement. The Administration strongly opposes the bill's funding level for the Civil Rights Division, which is $10 million below the FY 2000 enacted level and $26 million below the President's request. This level of funding would require the Division to reduce its staff by 20 percent and calls into question the Nation's commitment to enforcing civil rights legislation such as the Americans With Disabilities Act and the Voting Rights Act. The Civil Rights Division is essential in combating abuses in our institutions for the mentally ill and nursing homes, and in investigating allegations of misconduct within police departments where a pattern of widespread abuse exists. We urge the Senate to fully fund the Administration's request.

Counterterrorism. We appreciate the Committee providing the full $31 million requested for Nunn-Lugar-Domenici State and local first responder training. However, the bill does not fund the Administration's counterterrorism budget amendment for the Department of Justice. Recent events have underscored the need for increased government efforts to combat counterterrorism. The Administration's budget amendment seeks funding for the FBI, including services to translate electronic intercepts in a foreign language, equipment to improve the capability to conduct lawful electronic intercepts, and resources to expand the number of joint terrorism task forces (JTTF). For the Immigration and Naturalization Service, no funding has been provided for JTTF staff, intelligence staff, and border technology needed to strengthen our defenses on the northern border. We urge the Senate to support these initiatives fully.

Cybercrime. The Committee has not adequately addressed critical resources needed to improve the government's capacity to combat cybercrime. Recent computer security events have highlighted the need for additional government efforts. Not only has Congress provided no enhancements provided to the Criminal Division, but the Division would also have to reduce its staffing level below its current state to live within the Senate mark. Without the 97 positions requested for the U.S. Attorneys, there would be insufficient prosecutorial resources to address the burgeoning cybercrime caseload. Furthermore, the FBI would not have sufficient computer forensic examiners to address incoming cases, let alone reduce the backlog of pending cases. We urge the Senate to fully fund the Administration's cybercrime initiatives.

Deputy Attorney General for Combating Domestic Terrorism. The Committee bill would establish a Deputy Attorney General for Combating Domestic Terrorism. While the Administration is supportive of efforts to improve the coordination of terrorism programs, we have serious concerns about the provision, particularly the assignment of responsibilities that appear to go beyond the Department's statutory role. In addition, creation of a second Deputy Attorney General position may not be structurally appropriate. We stand ready to work with the Committee to address these concerns.

Immigration Budget. While the Administration supports the Committee's decision to reinstate section 245(i) of the Immigration and Nationality Act, we object to using the revenue generated by this provision to fund activities currently funded through direct appropriations. The Administration has recommended that section 245(i) revenue be used to reduce a backlog in naturalization applications and to maintain the current level of detention funding. In addition, the Committee has failed to provide $34 million in appropriations to support naturalization backlog reduction and also transfers $50 million from the Exams Fee account to fund previously appropriated adjudication functions. Combined, these actions would reduce funding available for citizenship and immigration benefit processing and result in longer wait times and greater backlogs.

"Stop Drugs - Stop Crime" and Project Reentry. The Committee bill provides only $103 million for the "Stop Drugs - Stop Crime" initiative, $87 million below the Administration's request. The bill does not fund the Department of Justice's Zero Tolerance and Drug Intervention Program, which would help States and localities implement tough new systems to test, treat, and punish drug offenders. The bill provides $40 million, $10 million below the request, for the highly successful Drug Courts Program. Taken together, these actions would make it difficult, if not impossible, to achieve the drug reduction targets specified in the annual drug strategy and in the Office of National Drug Control Policy Reauthorization Act of 1998. Further, while the Administration appreciates the Committee's decision to provide $7 million for the Reentry Program, this funding level still falls significantly below the Administration's request of $60 million. The request would provide greater community and law enforcement supervision of released offenders, and key services such as drug testing and treatment and job training to help lower recidivism rates and promote responsible fatherhood among offenders.

Detention Trustee. The Committee mark does not establish the Detention Trustee, the first step in achieving the goal of centralized Federal detention policy, which is supported by the Committee. The Committee also has not provided the $25 million requested to cover the Department's costs for the detention, care and removal of illegal migrants held outside the continental United States. The establishment of a source of funding for routine illegal migrant detention is a priority for the Administration.

State Criminal Alien Assistance Program (SCAAP). The Administration is disappointed with the Committee's decision to fund only $50 million of the $600 million request for SCAAP. The Committee's bill would virtually eliminate reimbursements to States for incarcerated criminal aliens. The Administration urges the Senate to fully fund this program.

Native American Law Enforcement. While the Committee provides some additional FBI funding, most Justice programs aiding crime prevention and law enforcement in Native

American communities are funded only at the enacted level. The Administration strongly urges the Senate to provide the additional tribal resources requested for U.S. Attorneys and within the Office of Justice Programs. The Administration also urges the Senate to provide the request for the COPS Tribal Resources Grants program, the Sexual Assault Nurse Examiner (SANE) Units, the Tribal Courts Project, the Tribal Youth Program, the Office of Tribal Justice, and Alcohol and Substance Abuse Testing. While the nationwide violent crime rate has dropped, homicides and violent crime in Indian Country are on the rise. These funds are designed to address this problem through both prevention and enforcement.

Pardon Attorney. The Administration takes strong exception to the Committee's action to eliminate funding for the Office of the Pardon Attorney and to move the Office from the Department of Justice. For over 100 years, the Office of Pardon Attorney has assisted the President in carrying out this power. The Office consists entirely of career, nonpartisan, Department of Justice attorneys, who research clemency petitions and draft the Department's report and recommendation in each case for the signature of the Deputy Attorney General. The Department consults with the FBI, U.S. attorneys, and other relevant entities to provide a thorough analysis of each case and the impact of a clemency grant on law enforcement. The Office is properly assigned to and funded through the Department of Justice.

United States Parole Commission. The Administration opposes the Committee's efforts to phase out the United States Parole Commission (USPC). The Committee mark of $7.4 million is $1.8 million, or 20 percent, below the Administration's request. Such a reduced funding level would seriously impede the USPC's ability to maintain current operations and render it virtually impossible for the Commission to assume statutorily mandated responsibilities over D.C. inmates and parolees.

Prisoner Transportation. The Administration opposes the Committee's action to transfer "base" funding for the transportation of prisoners and aliens from the Immigration and Naturalization Service, the Bureau of Prisons, and the U.S. Marshall Service to the Justice Prisoner and Alien Transportation System (JPATS) revolving fund. The transfer would undermine the concept of JPATS being run as a business operation and eliminate the ability of participating agencies to make economic decisions regarding the most cost-effective way to transport prisoners.

Telecommunications Carrier Compliance. The Committee bill does not include funding for the Telecommunications Carrier Compliance Fund. Additional funding is needed for implementation of the Communications Assistance to Law Enforcement Act (CALEA). Implementation of the Act would ensure that law enforcement has the capability to conduct court-approved electronic surveillance on digital telecommunications equipment. While the Administration is very appreciative of the funding provided for CALEA in P.L.

106-246, the FY 2000 Emergency Supplemental Act, only $300 million has been appropriated to date out of the $500 million authorized by CALEA. A delay in providing the remaining $200 million would hinder law enforcement, particularly in its fight against terrorists, drug lords, and organized crime.

Fees and Expenses of Witnesses. The Committee mark reduces funding for expert government witness testimony to $79 million, 17 percent below the FY 2000 enacted level. The Committee's action is being taken at a time when large cases such as WINSTAR, tobacco and certain tax and environmental litigation raises the potential liability for the Federal Government into the billions of dollars. The full $156 million requested should be provided to ensure the Department will be able to hire expert witnesses and prepare and present testimony to strengthen the Government's ability to prevail in court.

Department of Commerce

The Administration appreciates that the Senate Committee-reported bill is a significant improvement over the House-passed version. Nevertheless, we believe that certain key Commerce programs are still significantly underfunded:

Conservation Funding. The Administration strongly opposes the Committee's cuts to the President's Lands Legacy Initiative, which is funded at almost 60 percent below the request. Coastal ecosystem protection programs such as marine sanctuaries, coral reef restoration, State coastal zone management grants, and State coastal impact assistance grants (to assist States that have offshore oil and gas development) would be cut, along with the Pacific coastal salmon recovery fund, thereby complicating and delaying State, local, and Tribal salmon recovery initiatives. The Administration expects the Committee to honor the appropriations and congressional leadership agreement that would establish a new "conservation spending" discretionary budget category in FY2002 continuing through FY2006, and provide funding for the conservation programs at levels equal to or greater than proposed in that agreement for FY2001. The Administration is prepared to work with the Committee to ensure that the high priority environmental conservation programs under the new category are fully funded.

National Oceanic and Atmospheric Administration. The Administration strongly urges full funding of the Climate Observation and Services initiative in order to support a transition of research observing and data systems into operational systems and products. Likewise, we strongly recommend funding for NOAA's efforts to establish an integrated inter-agency Global Disaster Information Network to improve disaster management information, for the Clean Water Action Plan, and for National Marine Fisheries Service activities to help recover endangered species. In addition, the Administration urges that funding be provided to continue the highly successful Global Learning and Observations to Benefit the Environment (GLOBE) program. We also recommend increased funding

for the PORTS program, to enable NOAA to institute quality controls for data that assist the maritime industry.

The Administration urges the Senate to provide requested advance appropriations for construction work at the Suitland Federal Center. The nearly 60-year-old buildings at the Center are failing, threatening the health and safety of employees of NOAA and the Census Bureau. The Administration is also concerned that the Evansville, Indiana, Doppler weather radar -- which the Modernization Transition Committee recognized as necessary before the Evansville Weather Service Office can close -- is not funded. The Administration urges that funding be provided to build capacity at minority serving institutions, both through NOAA and the National Institute of Standards and Technology, to increase the number of minorities trained in environmental and physical sciences.

Digital Divide Initiatives. The Administration urges the Senate to fully fund the initiatives to help close the Digital Divide and help communities benefit from the emerging digital economy. During its six-year history, the Technology Opportunities Program (TOP) of the National Telecommunications and Information Administration (NTIA) has helped underserved and low-income communities across the country gain access to innovative information technology applications. The new Connecting America's Families (Home Internet Access) program builds on that success by supporting efforts to help low-income families receive the benefits of home access to computers and the Internet. The Committee bill provides no funding for the Connecting America's Families program and underfunds TOP. The bill also fails to provide funding for the Economic Development Administration's initiative to promote deployment of broadband infrastructure in economically-distressed areas.

Economic Development Administration. The Administration strongly urges the Senate to fully fund the Economic Development Administration (EDA). The Committee's mark cuts EDA programs by 40 percent from the 2000 enacted level and 47 percent from the Administration's request. This reduction would severely impair efforts to assist economically disadvantaged communities. The bill denies Native American and Mississippi Delta communities, which are among the Nation's most distressed areas, some of the critical assistance they need in order to build stronger local economies and to connect with our overall prosperity. The Administration urges full funding of $49 million for EDA to fund infrastructure, planning, and public works projects in Indian Country. In addition, the bill does not fund assistance to be provided by EDA's proposed Office of Community Economic Adjustment to communities injured by economic downturns due to trade-related issues and other causes.

Chemical Weapons Convention Compliance. The Administration strongly urges full funding of the President's request of $8.5 million for Chemical Weapons Convention inspections at industry facilities. Without this funding, the Department of Commerce

would be unable to conduct site assistance visits to help U.S. companies prepare for these international inspections and thereby better protect confidential business information. The Department of Commerce would also be unable to host the full complement of industry inspections required under the Convention. Failure to provide the necessary funds could result in U.S. noncompliance with its industry inspection obligations under the Convention.

Critical Infrastructure Protection. The Administration urges support for the President's requested funding for the Critical Infrastructure Assurance Office (CIAO) in the Bureau of Export Administration and for the Expert Review Team in the National Institute of Standards and Technology to help Government agencies identify vulnerabilities and plan secure systems. Likewise, the Administration strongly urges providing the $50 million requested by the President to establish the Institute for Information Infrastructure Protection to address research and development needs related to the protection of the Nation's critical infrastructures. In addition, the $6.3 million requested by NTIA will support the National Infrastructure Assurance Plan for the communications and information sectors, as well as research to evaluate telecommunication system and network enhancements that address infrastructure vulnerabilities -- such as design weaknesses and external threats. These funds will help ensure the security of the Nation's critical infrastructure now and in the years to come.

Economic and Statistical Infrastructure. The Administration appreciates the Senate bill's funding for the decennial census, base restoration, and e-business initiatives in the Census Bureau, as well as the funding provided for the Economic and Statistics Administration. However, we urge the Senate to include full funding for the Census Bureau's continuous measurement program (which will provide current information to allocate nearly $200 billion in Federal funds annually), demographic survey sample redesign (an interagency process that updates the sample populations of the major national demographic surveys after the decennial census), and planned improvements in measuring economic well-being and exports.

International Trade Administration. The Administration appreciates the Committee's support for the International Trade Administration's (ITA's) Trade Compliance initiative. However, in order to support ITA's trade enforcement capabilities fully and ensure that U.S. companies and workers receive the full benefits of international agreements, we urge the Senate to provide an additional $4 million to fund the full request. The $35 million cut to the President's request for the U.S. and Foreign Commercial Service could lead to significant reductions in the Service's export promotion activities.

Public Television's Digital Transition. The Administration appreciates the Committee's providing an increase over the House-passed bill for NTIA's Public Telecommunications Facilities, Planning, and Construction Program. However, we urge the Senate to fully

fund the program at $110 million in order to help ensure that public broadcasters can meet the Federally-mandated May 2003 deadline for the transition to digital broadcasting.

Technology Administration Programs. While the Administration appreciates increases for key research and development programs at the National Institute of Standards and Technology (NIST), we urge the Senate to fully fund the President's request. The bill provides insufficient funds for NIST initiatives to promote the development of new information technologies, nanotechnology, and infrastructure assurance, as well as to enhance the use of e-commerce services by small manufacturers.

Inspector General. The Administration urges the Senate to review the Committee's proposed funding of the Office of Inspector General (OIG), which is 16 percent below the request and five percent below the FY 2000 enacted level. Through audits, inspections, and investigations, the requested OIG funds support the Department's efforts to prevent and detect fraud, waste, and abuse.

Security and Departmental Management. The Administration commends the Committee for providing full funding for Digital Department investments and salaries and expenses within Commerce's Departmental Management. The Administration also acknowledges the Committee's effort to support Department Security services, but encourages full funding for this important activity.

New Markets Initiative. The Senate bill fails to provide the $58.3 million requested for the New Markets Initiative ($21.7 million for credit subsidy for New Markets Venture Capital (NMVC), $30 million for technical assistance to small businesses by NMVC firms, and $6.6 million for BusinessLINC). Without these funds, the Administration and the Congress would be unable to fund the Hastert-Clinton Agreement on New Markets/Empowerment Zones and Renewal Communities to bring America's economic prosperity and growth to those communities (including Indian reservations) lagging behind the rest of the Nation.

Department of State and the Broadcasting Board of Governors

Contributions for International Peacekeeping Activities (CIPA). The Administration strongly opposes the Senate bill's funding levels for UN peacekeeping. The bill would cut the Administration's FY 2001 request by one-third, from $739 million to $500 million, and would halve the FY 2000 CIPA allocation by means of a $213 million rescission and another $45 million shift out of FY 2000 CIPA funds -- money already agreed to and appropriated by the Congress. This is on top of denying an earlier Administration request for $107 million in supplemental FY 2000 CIPA funds, which remains as a pending request to address current funding requirements. If enacted, these funding levels would be

devastating to UN peacekeeping and our efforts to reform the UN, rationalize peacekeeping and reduce U.S. assessment rates there. They would prevent us from meeting our treaty obligations and would undermine important missions in Kosovo, East Timor, Sierra Leone, Lebanon, Ethiopia-Eritrea, and elsewhere.

Arrearage Payments. The Committee recommendation includes $102 million for additional arrearage payments to the United Nations and other international organizations, but includes a variety of spending restrictions on the funding. While this amount would belatedly bring the total appropriated for the payment of arrears to the Administration's originally requested level of approximately one billion dollars, the funding comes with too many hindrances to be an asset to our current reform efforts and creates new certification requirements above and beyond those in the United Nations Reform Act of 1999. The Administration notes the irony of seemingly providing additional funding for payment of arrears while severely underfunding, and even rescinding existing appropriated funds from CIPA, thus creating new arrears at least four times as high as those the Committee proposed to pay. If the Committee is interested in strengthening our hand in negotiating assessment scale reforms at the United Nations, the Administration strongly recommends that it provide full funding of current peacekeeping bills.

Embassy Security. The Administration strongly opposes the Committee's decision to cut the President's FY 2001 request for embassy security in the Diplomatic and Consular Programs (D&CP) and Embassy Security, Construction, and Maintenance (ESCM) accounts by $420 million, or 40 percent. This would require steep reductions in requested worldwide security upgrades and ongoing security enhancement support within the ESCM and D&CP accounts. Only three of the six new security construction projects requested in the ESCM account received funding in the Committee mark, and nothing is provided for buildings to support USAID activities. In addition, of the embassy security funding the Committee does provide, $72 million is earmarked for unrequested projects. Although the Administration appreciates funding for these unrequested projects located primarily in China, it opposes funding them at the expense of important security-related facility requirements. The overall unacceptable level of funding would leave Americans working in our diplomatic facilities overseas more vulnerable to terrorist attack and would slash the Administration's effort to support a long-term replacement program for unsafe facilities.

The Administration is also disappointed that the Committee has not provided the requested advance appropriations for embassy security construction to help ensure successful implementation of that long-term capital investment program. The need to pursue a multi-year program to improve security and protect all Americans serving abroad was recognized by the authors of the Crowe report, which was produced in the aftermath of the embassy bombings in Nairobi and Dar es Salaam. These findings were reaffirmed in the more recent report of the Overseas Presence Advisory Panel.

State Department Operations. The Administration appreciates the Committee's support for the regular operations of the Department of State but opposes the multiple earmarks, restrictions including bill language limiting the detail of employees, and unrequested items that the Committee has included in its bill and report that seek to micro-manage the activities of the Department of State and reduce the Administration's flexibility to address foreign policy needs. Of utmost concern is the Committee's unacceptable restriction on Machine Readable Visa fees that support the President's Border Security Program. This restriction would result in a reduction below current estimates of $101 million in resources available to the program in FY 2001. The Administration requested permanent, unrestricted extension of this authority. These funds have become indispensable to American citizens for timely passport services and the improvement and support of the visa process including the control mechanisms that prevent travel to the U.S. of individuals associated with terrorist organizations or others who may seek to use the process illegally.

In addition, the Administration is disappointed that the Committee mark does not include $3 million in funds requested for trade compliance, $1.5 million for labor and environmental standards coordination, and $1 million in transfer authority to meet potential needs of the Presidential Advisory Commission on Holocaust Assets. Finally, the Administration appreciates funding provided to support the 1999 Pacific salmon treaty agreement. The Administration would prefer, however, this funding be provided in the National Oceanic and Atmospheric Administration accounts, where the funding was requested.

Contributions to International Organizations. While the Administration does not object to the overall level of funding for this account, which is $21 million above the Administration's request, we are concerned with the funding assumptions that undergird the $944 million provided. The Committee recommendation includes approximately $78 million in unrequested funding, and after factoring in the recent reprogramming notification would still leave a shortfall in requested funding for assessments for the United Nations and other international organizations. To meet this shortfall, the Committee recommends some untenable measures, including a directive to transfer $25 million provided for Contributions to International Peacekeeping Activities in FY 2000, which comes on top of a proposed rescission of $213 million in FY 2000 Peacekeeping Funds. We urge the Senate to fund this account at a level sufficient to meet all our assessments to international organizations.

Making U.S. Exporters Pay Fees for Munitions Export License Applications. The Administration opposes section 403, which would authorize the State Department to collect fees to process export license applications for munitions, satellites, and related items controlled under section 38 of the Arms Export Control Act. A number of issues would need to be seriously considered before the Administration could consider supporting this proposal, which has not been previously addressed by Congress in

hearings, or in discussions with the Administration or U.S. industry. Making the State Department's licensing resources dependent on fees collected could encourage additional licensing requirements at a time when current Administration policy is to support mechanisms to streamline the munitions licensing process. We urge the deletion of this provision.

Foreign Buildings Operations. While the Administration appreciates the Committee's support of the Department of State's ongoing overseas building program, the Administration objects to unrequested items in the Embassy Security, Construction, and Maintenance mark. For example, the Committee Report provides an earmark for fresco restoration in the Palazzo Corpi in Istanbul Turkey. These earmarks would reduce the amount available to pay leases and other building requirements and divert funds away from higher-priority security enhancements.

Diplomatic Telecommunications. The Administration is opposed to efforts by the Congress to mandate the management, operations, and security procedures for diplomatic telecommunications. The Administration is working diligently to resolve any outstanding problems with diplomatic telecommunications. Provisions such as those proposed would be counterproductive to this effort. The Administration looks forward to consulting with the Congress on remaining concerns.

International Broadcasting Operations. The funding level of $388 million recommended by the Committee is $17 million below the President's request of $405 million This $17 million reduction is directly tied to the proposal to merge the WORLDNET Television and Film Service into the Voice of America (VOA). By funding only a skeletal version of the merger, the U.S. Government would not have the ability to support technically any television broadcasts for the U.S. Broadcasting Board of Governors or Interactive Dialogues of the Department of State. The Administration requests that the Senate support the continuation of television production and delivery through the consolidation of WORLDNET with the VOA by fully funding the President's request.

Educational and Cultural Exchanges. The Administration appreciates funding for Education and Cultural Exchanges at the requested level of $225 million, but is disappointed with the funding level of $118 million for the J. William Fulbright Educational Exchange Program, and urges the Senate to provide the President's request of $125 million. The Administration opposes earmarking $1,750,000 within this account for the North/South Center, in lieu of a separate appropriation, as requested in the budget. The Administration further requests that funding in this account be made available until expended, as in previous years.

Other International Accounts. The Administration appreciates the overall level of funding for the International Boundary and Water Commission, the International Joint Commission, the International Boundary Commission, the Border Environment Cooperation Commission, and the International Fisheries Commissions. However, the Administration objects to report language setting forth earmarks and spending directions with no allowance to deviate without first consulting with Congress. This restriction would hamper effective program management. The Administration opposes the Committee's decision to eliminate funding for the Asia Foundation.

Foreign Policy Concerns. The Administration strongly opposes provisions in the Committee bill concerning Jerusalem on constitutional, foreign policy, and operational grounds. These provisions would intrude on the President's constitutional authority to conduct foreign affairs and to determine recognition by directing U.S. policy regarding Jerusalem as the capital of Israel. At Camp David, the parties agreed to continue their efforts to conclude an agreement on permanent status issues as soon as possible and avoid actions that would prejudge the outcome of these negotiations. The actions called for by these provisions would prejudge the outcome of these negotiations and thus would severely undermine U.S. efforts to promote a peaceful resolution of the Arab-Israeli conflict.

Trade in Conflict Diamonds. The Administration recognizes that trade in "conflict diamonds" fuels instability in Africa and, therefore, launched a State Department Initiative in 1999 aimed at curbing the illegal diamond trade. We strongly support the intent conveyed in section 409 of the Committee-passed bill, in particular the intent to restrict trade in illegal diamonds while recognizing the certification of origin of rough diamonds by the Governments of Sierra Leone and Angola. We also support the identification of countries actively engaged in the illicit diamond trade.

The Administration believes that while we counter illicit trade in diamonds, legitimate diamond procedures should be protected and encouraged. Therefore, we cannot support language that would inhibit trade in legitimate diamonds. We are also concerned that section 409, as drafted, could provide a disincentive for several African governments to participate in an internationally-accepted certification regime, as their diamonds would be excluded from the United States even if they decided to participate in such a regime. In addition, there are technical administrative issues which must be addressed in order to make the bill enforceable. The Administration would be pleased to work with the Senate to try to develop language that resolves these concerns while preserving the intent of section 409.

National Endowment for Democracy. While the Administration appreciates the Committee's funding recommendation for the National Endowment for Democracy, it objects to report language earmarking funds and mandating activities that are inconsistent

with the Endowment's mission of working with the non-governmental sector to promote democracy at the grassroots level.

General Provisions. Other provisions in the Committee bill regarding the conduct of foreign affairs raise constitutional concerns. Section 609 regarding Vietnam would unconstitutionally constrain the President's authority with respect to the conduct of diplomacy. In addition, language in the Contributions for International Peacekeeping Activities appropriation that would require a report to Congress prior to voting for a U.N. Peacekeeping mission would unconstitutionally constrain the President's authority with respect to the conduct of diplomacy as well as his authority as Commander-in-Chief.

Legal Services Corporation

While the Administration appreciates that the Committee has approved funding at a level above the House, the bill is still $40 million below the President's request and $4 million below the FY 2000 enacted level. This level of funding would undermine the commitment of the Federal Government that all persons have access to the judicial system, regardless of income. We strongly urge the Senate to fund the LSC at the requested level to help ensure equal access to the courts for all.

Equal Employment Opportunity Commission

The Senate Committee-reported bill is preferable to the House-passed level, in that it provides sufficient funds to allow the Equal Employment Opportunity Commission (EEOC) to maintain current service levels. The Committee level, however, is still inadequate in that it eliminates over $29 million in funding needed to ensure fair, efficient, and effective handling of employment discrimination charges. At this funding level, the EEOC would be unable to provide certain mediation and prevention opportunities for employers and employees, make needed information technology investments, and provide training and outreach as part of the President's Equal Pay Initiative. The Administration urges the Senate to support these important activities.

Commission on Civil Rights

The Senate Committee's recommendation to freeze the Commission's funding at the FY 2000 level of $9 million is $2 million below the President's request and would impair the Commission's ability to advance civil rights for all Americans. The Administration urges the Senate to restore funding to this critical agency.

Small Business Administration

The Administration is deeply concerned that the Senate bill provides insufficient funding for critical Small Business Administration programs, especially the following:

Small Business Loans. The Senate bill underfunds the Administration's request of $11.5 billion in 7(a) business loan volume, by providing less than half the amount requested for direct microloans, and less than twenty-five percent of the requested accompanying microloan technical assistance. The funding level provided for these programs would be insufficient to meet demand for small business loans and would lead to fewer new business start-ups.

Business Assistance Programs. The Administration appreciates the $90 million funding level for the Small Business Development Centers (SBDCs). We ask that the Senate provide the requested earmarks for Native American SBDCs and for Tribal Business Information Centers, including the request to waive the necessity for matching funds. In addition, the Administration is disappointed that the Senate failed to provide the Administration's request for several other business assistance programs, including: SBIR Phase III ($15 million) and Electronic Commerce ($5 million). Further, the Senate has not provided the requested increases necessary to support other business assistance programs, including Women's Business Centers, One Stop Capital Shops, and SCORE.

Modernizing Program Management. The Senate bill fails to provide the additional $5 million requested for the Systems Modernization Initiative to begin work to modernize the disaster loan system, $7 million for the needed upgrade and maintenance of SBA's IT systems, $4 million for workforce transformation, and $1.5 million for the financial program advisor to support SBA's successful loan asset sales program. These reductions would weaken SBA's loan program management and result in higher loan program costs. At the same time, the Administration appreciates the Senate's inclusion of language permitting up to $3 million in reimbursement to the SBA for qualified expenses to be derived from increased collections of delinquent debt. The Administration also appreciates the Senate's support for the creation of a new account (Non-Credit Business Assistance), which separates the costs directly attributable to non-credit business programs from salaries and expenses, thereby increasing the accountability of both.

Federal Communications Commission

The Administration strongly opposes the Senate provision that would prevent the FCC from granting or transferring a license or authorization to any corporation of which more than 25-percent is directly or indirectly owned by a foreign government or its representatives. The prospect of a foreign government-owned company investing in a U.S. telecommunications carrier could raise legitimate concerns. However, existing law already requires that the FCC, the Executive Branch, and the multi-agency Committee on Foreign Investment in the United States ensure that the proposed foreign investment would not harm the public interest, including competition in our market and national security or law enforcement capabilities. The United States has benefitted greatly from the widespread opening of foreign telecom markets in recent years. If the U.S. institutes this provision, many countries may be tempted to restrict existing opportunities offered to U.S. carriers and resist any further opening. This could affect billions of dollars in current

U.S. investment abroad, and even more future investment. The Administration supports the objective of robust competition for global markets. We believe this can be achieved within existing legislative, regulatory and international mechanisms, without risking possible disruption of the international telecommunications market. The Senate provision is unnecessary and potentially harmful; it should be dropped.

We understand that amendments may be offered which affect current FCC authorities. For example, we understand there may be an amendment that would hinder FCC from approving low power broadcasting by community groups. We do not believe such amendments should be added to this bill.

Securities and Exchange Commission

We understand that an amendment may be offered that would substantially reduce the registration and transaction fees collected by the Securities and Exchange Commission (SEC). The Administration would have deep concerns about such an amendment. In 1996, Congress and the President collaborated on legislation -- the National Securities Markets Improvement Act (NSMIA) -- that established a calendar for reducing SEC fee rates. The Administration continues to support the declining fee rates agreed to in the NSMIA legislation. Proposals to reduce these fees further should be considered only in the context of an overall fiscal policy that balances the importance of debt reduction and competing priorities such as strengthening Social Security and Medicare, providing tax relief to middle-income families, and other critical initiatives called for in the President's FY 2001 Budget.

In addition, the Administration would strongly oppose any amendment that would prevent the SEC from moving forward with its proposal relating to its requirements for auditor independence, which have not been updated in 18 years. The SEC is currently receiving public comments on the proposed regulation and has held several public hearings to ensure concerns of all interested parties are considered. An amendment that prevents the SEC, a well-respected independent regulatory agency, from completing its legal regulatory process could undermine its ability to ensure confidence in our Nation's financial markets.

General Provisions

The Administration is very concerned that Section 626 -- called Amy Boyer's law -- purports to protect individual privacy by restricting the public display of Social Security numbers, but fails to do so effectively. The exceptions in the section narrow its impact substantially. For example, the prohibition does not apply to information obtained from public records, which are the source of Social Security numbers for many information brokers. Businesses could thus comb through public records and display and sell the information they glean without any restrictions whatsoever. In addition, Section 626 contains a broad provision preempting state laws, which could actually result in the American people losing significant privacy protections.

The Administration has offered an alternative proposal, which has been introduced by Senator Feinstein as S. 2699, that would prohibit the sale and purchase of social security numbers. We believe that this proposal would more effectively preserve legitimate business practices while also helping to prevent identity theft and the sort of heinous crime of which Amy Boyer was a victim.

Metropolitan Statistical Areas

The Administration would strongly oppose an amendment that may be offered that would prohibit implementation of revised standards for metropolitan statistical areas. The metropolitan area standards provide nationally consistent definitions for collecting, tabulating, and publishing Federal statistics for a set of geographic areas. Since 1950, when the metropolitan areas were first used in census reports, OMB has reviewed the criteria for designating metropolitan areas and, if warranted, revised them in the years preceding their application to new decennial census data. Periodic review is necessary to ensure that the standards stay abreast of changes in population distribution and activity patterns. OMB is currently conducting the fifth such review. This has been a multi-year process during which OMB has actively sought public involvement through conferences, outreach to interested organizations, and three Federal Register Notices.

Other Issues

The Administration understands that items contained in Division B of the FY 2001 Agriculture bill may be considered by the appropriate Subcommittee of jurisdiction. The Administration has serious concerns about pending provisions in the bill affecting Commerce and Justice programs and a pending supplemental request under the Department of State heading. Therefore, the Administration provides the following views on those items relevant to this bill:

Department of Commerce Administrative Funding. The Administration opposes funding the Commission on Online Child Protection by reducing funding for the Department of Commerce's General Administration and Inspector General accounts by $1.5 million. While the Administration has no objection to providing funding for the Commission, cutting these already small accounts with less than one month remaining in the fiscal year would negatively affect the Department's ability to carry out its management and auditing activities for the remainder of the fiscal year.

Law Enforcement. Proposed law enforcement rescissions would have a detrimental effect. For example, the $15 million rescission to INS enforcement and service programs would result in cutbacks to current border enforcement operations -- particularly Operation Safeguard -- along the Rio Grande and adversely affect Border Patrol recruitment efforts. A reduction in immigration service funding would directly impact the timely processing of immigration benefits such as citizenship, adoption, and adjustment of status. The $15 million rescission to the FBI's Information Sharing Initiative would

impede the FBI's response to criminal incidents, including cases involving national security. The FY 2000 $2 million rescission for Civil Division would impede the office's ability to effectively defend the Treasury from meritless lawsuits. The proposed FY 2000 $1.1 million rescission to the U.S. Parole Commission would require drastic furloughs or reductions in staff, as well as disrupt the transition of District of Columbia parolees into the Federal system as required by law.

Presidential Advisory Commission on Holocaust Assets in the United States. The Administration encourages Congress to approve the FY 2000 supplemental request of $1.4 million for the Presidential Advisory Commission on Holocaust Assets in the United States. These funds would support the completion of the Commission's statutorily mandated comprehensive report on the acquisition and disposition of Holocaust-era assets in the United States.

July 21, 2000
(Senate)

H.R. 4733 - ENERGY AND WATER DEVELOPMENT APPROPRIATIONS BILL, FY 2001
(Sponsors: Stevens (R), AK; Domenici (R), NM)
This Statement of Administration Policy provides the Administration's views on the Energy and Water Development Appropriations Bill, FY 2001, as reported by the Senate Committee. Your consideration of the Administration's views would be appreciated.

The President's FY 2001 Budget is based on a balanced approach that maintains fiscal discipline, eliminates the national debt, extends the solvency of Social Security and Medicare, provides for an appropriately sized tax cut, establishes a new voluntary Medicare prescription drug benefit in the context of broader reforms, expands health care coverage to more families, and funds critical investments for our future. An essential element of this approach is ensuring adequate funding for discretionary programs. To this end, the President has proposed discretionary spending limits at levels that we believe are necessary to serve the American people.

Unfortunately, the FY 2001 congressional budget resolution provides inadequate resources for discretionary investments. We need realistic levels of funding for critical government functions that the American people expect their government to perform well, including education, national security, law enforcement, environmental protection, preservation of our global leadership, air safety, food safety, economic assistance for the less fortunate, research and technology, and the administration of Social Security and Medicare. Based on the inadequate budget resolution, this bill fails to address critical needs of the American people.

The Administration appreciates efforts by the Committee to accommodate a number of Presidential priority programs within its 302(b) allocation. However, the bill contains several highly objectionable riders that inappropriately interfere with important Executive Branch efforts, and the bill still inadequately funds certain key domestic priorities. Because of these issues, if this bill were presented to the President in this form, his senior advisors would recommend that he veto it. These concerns and others are discussed below.

Department of Energy

The Administration is concerned with the large shift in the Senate bill from key domestic priorities of the Department of Energy (DOE) to fund Atomic Energy Defense Activities. The bill provides $599 million less than the President's request for DOE's domestic programs and adds $401 million to the President's request for defense activities. The bill would significantly reduce vital programs in science, radioactive waste management, energy research, and other activities. Specific funding issues include:

Science. The Administration strongly opposes the Committee's severe cut of $281 million to DOE's science programs including facilities utilization, nanotechnology, and scientific computing. Among the most objectionable are the reductions of $99.0 million in basic energy sciences, including a $38 million reduction to Spallation Neutron Source construction and a $23.7 million reduction in funds for the operation of user facilities; a reduction of $42.0 million for advanced scientific computing research; a reduction of $40.0 million in high energy physics; a reduction of $19.6 million in nuclear physics; and a reduction of $20.0 million in fusion energy sciences. These deep cuts to DOE's basic science research programs are short-sighted and will cripple basic research in these disciplines. The reductions undermine our country's basic research, with the costs to be borne by thousands of researchers and students at universities across the country and at Government and private-sector laboratories. We strongly urge that these critical research funds be restored.

Radioactive Waste Management. The Administration strongly objects to the Committee's mark of $351.2 million for the Radioactive Waste Management Program, $86.3 million (20 percent) below the $437.5 million request. This severe funding reduction would delay the long-awaited Secretarial Site Recommendation for up to a year, and because of resulting personnel reductions, delay submittal of a License Application to the Nuclear Regulatory Commission for several years. In addition, this reduction would further delay the planned date for operation of the repository and further limit the ability of the Department of Energy to meet its contractual obligations to accept spent fuel from utilities. Finally, the consequent delay of repository operations would hinder the Environmental Management Program's cleanup of the nuclear weapons complex and disposal of spent fuel from the Naval Reactors program, potentially affecting defense readiness.

Solar and Renewable Energy. The Administration appreciates the Committee's support for solar and renewable energy R&D, which is funded at $54 million more than the House-passed bill. We would, however, urge the Senate to fund biofuels and biopower, wind energy, and solar electric technologies at their requested levels, because they are important to energy security and the environment.

Environmental Management. The Administration appreciates the Senate Committee's support for accelerating cleanup activities at uranium enrichment facilities in Paducah, Kentucky; Portsmouth, Ohio; and, Oak Ridge, Tennessee, in response to recently identified threats to the safety and health of workers, the public, and the environment. However, the Administration urges the Senate to include $10 million, as requested, to initiate cleanup activities at the Moab, Utah site. The requested funding would supplement existing Moab Mill Reclamation Trust and Title X of the Energy Policy Act (Uranium/Thorium Reimbursement Program) resources to ensure that ground water mitigation activities continue, as needed, and allow for initial planning of cleanup and disposal of the tailings.

Nuclear Energy Research Initiative (NERI). The Administration appreciates the Committee's support for the NERI program, which awards research grants to laboratories, universities, industry, and consortia to address key issues affecting the future of nuclear energy. However, the Administration strongly opposes the $7.5 million in earmarks. These restrictions undermine NERI's goal, as defined by the President's Council of Advisors for Science and Technology (PCAST), as a competitive, peer-reviewed program that funds projects based on merit.

Advanced Accelerator Applications. The Administration strongly opposes the $60 million provided for advanced accelerator research and development and the creation of a new Office of Advanced Accelerator Applications within the Office of Nuclear Energy, Science and Technology. The Department is already committed to a Commercial Light Water Reactor program that is developing a tritium production system based on highly reliable and technically mature technology. The Administration is strongly opposed to funding increases for the Accelerator Transmutation of Waste (ATW) program until important questions regarding non-proliferation issues, alternative technologies, and ATW's effect are resolved.

Russian Initiative. The Committee's cut of $70 million to the long-term nonproliferation program for Russia is highly objectionable. There is a unique opportunity to significantly reduce proliferation with this program. The Committee's concerns that the necessary support agreements with the Russians are not in place and that Russia has unresolved issues regarding nuclear cooperation with Iran do not justify eliminating this essential program.

Office of Inspector General. The Senate Committee funding for the Office of Inspector General is $4 million (12 percent) below the President's request and would severely limit the Office's ability to achieve its mission. The reduction limits the Inspector General's ability to conduct performance audits and reviews, especially in critical areas such as contract reform, security and counterintelligence.

National Ignition Facility. Congressional support for the National Ignition Facility (NIF) construction project is crucial to the success of the nuclear weapons stockpile stewardship program that maintains our Nation's nuclear deterrent. In June, DOE submitted to Congress an interim certification for the revised cost and schedule baseline for the NIF. DOE intends to submit a final certification by mid-September, 2000, that will include the final total project cost estimate, scope, and schedule baselines for the project. Consistent with the interim revised cost and schedule baseline, DOE modified its budget request to increase construction project funding by $95 million and reconfigure $40 million in operating funding. All of these resources for the NIF are fully offset within the budget

request for Weapons Activities. The Senate Committee bill does not include the modified request. Congressional support for the modified NIF request will allow the project to get back on track. The project is an essential research element of our nuclear weapons program to help ensure a safe and reliable nuclear weapons stockpile.

National Nuclear Security Administration

The Administration strongly opposes numerous prohibitions and restraints placed on the Secretary of Energy that would inhibit the Secretary from effectively managing the missions of the Department. In particular, the Administration objects to statutory provisions in the bill relating to the National Nuclear Security Administration (NNSA). Sections 301, 302, 309, 310, 315 and 317 would strip specific authorities away from the Secretary of Energy and vest them with the Administrator of the NNSA, thereby providing the Administrator with the autonomy to grant waivers that deviate from the Federal Acquisition Regulations; approve laboratory funding plans; reorganize the agency functions; and authorize directed research and development activities at defense production plants. Section 314 restricts the Secretary's discretion by setting forth criteria for removal of the NNSA Administrator. Section 316 would preclude DOE from detailing staff with critical technical skills within the Department. This provision is unnecessary, duplicative, and too restrictive -- a prohibition on concurrent service with the NNSA is already included in pending authorizing legislation and has been agreed to by the Administration. These provisions reduce Executive authority and raise concerns regarding the Executive Branch's ability to manage a Cabinet-level agency.

Department of Energy Security Reorganization

In order to improve security at the Department of Energy, the Administration requested a budget-neutral amendment to reorganize all safeguards and security functions, and to fund these activities under the Office of Security and Emergency Operations. We urge the Senate to support this critical proposal to address the current institutional issues associated with ensuring safeguards and security.

Bureau of Reclamation

The Administration strongly objects to provisions included in the Senate bill related to the Middle Rio Grande Project and Fort Sumner Irrigation District in New Mexico. These provisions would severely constrain the Department of the Interior's ability to prevent actions that harm protected species, and would create a dangerous precedent for not enforcing the Endangered Species Act (ESA). The provisions would prohibit steps the Bureau of Reclamation can take to ensure minimum flows are maintained in the Rio Grande and Pecos Rivers to protect two endangered species -- the southwestern willow flycatcher and Rio Grande silvery minnow -- and the threatened Pecos bluntnose shiner. While Federal agencies and other stakeholders continue to develop collaborative, comprehensive recovery strategies for these species, agencies must be able to ensure that adequate flows are maintained in the Rio Grande. Failure to protect the silvery minnow this year could lead to its extinction. In addition, these provisions could potentially

increase the burden on other water users to compensate for the ESA exemption provided to specific water districts.

The Administration also strongly objects to a provision that would delay through the next fiscal year any environmental analysis of Central Arizona Project (CAP) water allocations. The proposed delay jeopardizes resolution of Arizona Indian water rights settlements that are under active negotiation. It would also jeopardize the related CAP repayment litigation agreement conditionally reached by the Central Arizona Water Conservation District and the United States on May 9, 2000. Absent the environmental analysis that would be prevented by this rider, water allocation decisions would be precluded. These allocation decisions are conditions to finalizing the settlement of the CAP repayment litigations, as well as resolving outstanding Tribal water rights claims. Thus, passage of the provision would require careful analysis as to whether the parties could now fulfill CAP settlement conditions during the time set forth in the settlement stipulation, as well as a decision on whether the stipulations' termination provisions should be exercised.

The Administration strongly objects to the Senate's decision to deny funding for the California Bay-Delta Restoration Program. This decision could significantly hamper ongoing Federal and State efforts to restore this ecosystem, protect the drinking water for 22 million Californians, and enhance water supply and reliability for over seven million acres of highly productive farmland and growing urban areas across California. After more than five years of work, on June 9th, the Secretary of the Interior and the Governor of California issued a CALFED Bay-Delta "Framework for Action" that proposes a seven year, "Phase 1" package for water and environmental initiatives. This plan has been well received by stakeholders. A Final Environmental Impact Statement is expected to be issued in late July, and a Record of Decision is expected to be signed near the end of August. The $60 million requested in the President's budget, much of which supports activities that can be carried out using existing authorities, is the minimum necessary to ensure adequate Federal participation in these initiatives, which are essential to reducing existing conflicts among water users in California.

The Administration appreciates that the Senate Committee has provided full funding for the Central Valley Project Restoration Fund and substantial funding for the Water and Related Resources account. Within the Water and Related Resources account, however, we are concerned about the level of funding for the Lower Colorado River Operations Program. The $5.7 million reduction in the Committee bill would severely limit Reclamation's ability to complete development of the Multi-Species Conservation Plan and meet the deadlines in the Biological Opinion on Lower Colorado River operations. In addition, we are disappointed that the Committee has not adopted the Administration's proposal to convert the Central Valley Project Restoration Fund program from discretionary to permanent funding to improve its operating efficiency and effectiveness.

Regional Economic Development

The Administration appreciates the initial funding provided for certain regional economic development programs, but remains concerned that the Committee bill does not provide sufficient funding to meet current needs. In the distressed counties of the Mississippi Delta, for example, per capita income is only 53 percent of the national average, and the poverty rate is more than twice the national average. To address these and other needs, the Administration strongly urges full funding of both the $30 million request for the Mississippi Delta Regional Authority (DRA), which would benefit a seven-State region, and the $71.4 million request for the Appalachian Regional Commission.

Army Corps of Engineers

The Administration strongly objects to section 103 of the Senate Committee bill, which would undermine implementation of the Endangered Species Act by preventing the Corps of Engineers from funding reasonable and much-needed changes to the operating manual for the Missouri River. The Corps and the U.S. Fish and Wildlife Service are entering a critical phase in their Section 7 consultation on the effects of reservoir project operations. This provision would prevent the Corps from carrying out a necessary element of any reasonable and prudent alternative to avoid jeopardizing the continued existence of the endangered least tern and pallid sturgeon, and the threatened piping plover. In addition to these Endangered Species Act concerns, the Corps must revise the manual because it is outdated. In its current form, the manual simply does not provide an appropriate balance among the competing interests, both commercial and recreational, of the many people who seek to use this great American river. The Administration understands that there may be an amendment offered to strike the objectionable language. The Administration would support such an amendment and strongly urges its adoption.

The Administration is concerned that the Senate's reduction in funding for priority Army Corps of Engineers projects would result in significant delays for certain critical construction projects. Of particular concern is a reduction to the ongoing Everglades restoration projects from the House level of $118 million to $95 million. The Administration supports the House level, which is needed to avoid delays in restoring the Everglades ecosystem, home to 68 threatened and endangered species. The Administration is likewise concerned about the reduction to the Columbia River Fish Mitigation project (Washington, Oregon, Idaho), from $91 million to $81 million. The full amount requested is needed to meet requirements to save endangered salmon and other species. The Administration supports funding for the construction of an emergency outlet at Devil's Lake, North Dakota, and, based on the critical need for this project, urges the Senate to provide funding in the bill. The Senate Committee bill would delay providing the flood protection that the Devils Lake area urgently needs. The Administration also requests that the Senate provide full funding for the Kill Van Kull project, which the Committee has reduced to $44 million, from the request of $53 million.

The Administration urges the Senate to fund the limited number of priority new projects and programs in the President's budget, including the "Challenge 21" program for environmentally friendly flood damage reduction projects; modifications to Folsom Dam

on the American River, California; the Hillsboro and Okeechobee Aquifer Storage and Recovery pilot project in the Florida Everglades; and, the program to modernize Corps recreation facilities.

We are disappointed that the Senate has not yet addressed the Administration's Harbor Services Fund proposal, which would provide a stable source of funding that would allow port and harbor activities to be funded on an efficient schedule. This proposal would also free up funds that could be used for the priority projects and programs noted above, as well as for important new navigation projects, including projects to deepen Baltimore Harbor in Maryland and the Arthur Kill Channel (New York and New Jersey harbor), which have not been funded by the Senate Committee.

Kyoto Protocol

Section 705, "Kyoto Protocol," which purports to prohibit implementation of the Kyoto Protocol is unnecessary, as the Administration has no intention of implementing the Protocol prior to ratification. To the extent that these provisions could be read to prevent the United States from negotiating with foreign governments, it would be inconsistent with the President's Constitutional authority.

July 11, 2000
(House Rules)

H.R. 4810 - Marriage Tax Penalty Relief Reconciliation Act of 2000
(Archer (R) Texas)
The Administration strongly opposes H.R. 4810. As the Administration's Fiscal 2001 Budget makes clear, the Administration supports targeted marriage penalty relief. The Administration supports the Democratic efforts in both the House and Senate that provide targeted marriage penalty relief. However, H.R. 4810, standing on its own, is insufficiently focused, with too small a share of benefits to lower- and middle-income taxpayers and too large a share devoted to couples who do not suffer marriage penalties. If this bill in its current form were presented to the President, the President's senior advisors would recommend that he veto it.

While this bill is not the Administration's preferred approach, the President is committed to moving forward cooperatively this year on marriage penalty relief and other important Administration priorities. If bipartisan agreement can be reached to take Medicare off budget and not use Medicare money for tax cuts or for other spending, and if Congress will pass a plan that gives real, voluntary Medicare prescription drug coverage, available and affordable to all seniors and consistent with the principles of the Administration's plan, the President will sign a marriage penalty relief law that is similar in scale.

Pay-As-You-Go Scoring

H.R. 4810 would affect receipts; therefore, it is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. The magnitude of the proposed tax cut ($2.8 billion in FY 2001, according to the Treasury Department) and the absence of any offsets could cause a significant sequester of Federal resources.

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July 11, 2000
(House Rules)

H.R. 4811 - FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS BILL, FY 2001
(Sponsors: Young (R), FL; Callahan (R), AL)
This Statement of Administration Policy provides the Administration's views on the Foreign Operations, Export Financing and Related Programs Appropriations Bill, FY 2001, as reported by the House Committee. Your consideration of the Administration's views would be appreciated.

The President's FY 2001 Budget is based on a balanced approach that maintains fiscal discipline, eliminates the national debt, extends the solvency of Social Security and Medicare, provides for an appropriately sized tax cut, establishes a new voluntary Medicare prescription drug benefit in the context of broader reforms, expands health care coverage to more families, and funds critical investments for our future. An essential element of this approach is ensuring adequate funding for discretionary programs. To this end, the President has proposed discretionary spending limits at levels that we believe are necessary to serve the American people.

Unfortunately, the FY 2001 congressional budget resolution provides inadequate resources for discretionary investments. We need realistic levels of funding for critical government functions that the American people expect their government to perform well, including education, national security, law enforcement, environmental protection, preservation of our global leadership, air safety, food safety, economic assistance for the less fortunate, research and technology, and the administration of Social Security and Medicare. Based on the inadequate budget resolution, this bill fails to address critical needs of the American people.

Despite the Subcommittee's efforts to provide increases over last year's funding levels for certain programs, the funding provided is inadequate, and many provisions of the Committee bill, such as the international family planning provision, are highly objectionable. The President's senior advisers would recommend that the President veto the bill if it were presented to him in its current form.

Attached is a discussion of the Administration's specific concerns with the bill. We look forward to working with the House to resolve these concerns.

Attachment

Attachment

FOREIGN OPERATIONS, EXPORT FINANCING, AND
RELATED PROGRAMS APPROPRIATIONS BILL, FY 2001
(As Reported by the House Commmittee)

International Debt Reduction

The House Committee bill would cut the FY 2001 request of $262 million for debt reduction programs by $180 million. This shortfall is greatly exacerbated by the failure of Congress to provide any of the $210 million FY 2000 supplemental request for debt reduction. Full funding of both the FY 2001 and FY 2000 requests is critical. Funding at a low level would stall multilateral and bilateral debt relief efforts under the Enhanced HIPC Initiative. The lack of a substantial U.S. contribution to the HIPC Trust Fund would mean that there would be insufficient resources to provide debt relief to many of the poorest countries in Latin America and Africa that have undertaken macroeconomic reforms. Other bilateral donors have previously stated that they would base their future contributions to the HIPC Trust Fund on a substantial U.S. contribution. It is clear, at a minimum, that without a substantial U.S. contribution, HIPC debt relief would not be provided to Latin American HIPC countries. In addition, funding at this level would also significantly limit the ability of the United States to encourage countries to invest in their tropical forests through innovative debt treatment mechanisms under the Tropical Forest Conservation Act.

International Family Planning

The Committee's actions on the international family planning issue are a great disappointment to the Administration. First, the Committee's decision to maintain the unnecessary restrictions on international family planning providers is highly objectionable. As we have stated before, we should not impose limitations on foreign non-governmental organizations's use of their own money or their ability to participate in the democratic process in their own countries. Second, we strongly oppose the Committee's decision to freeze assistance at the FY 2000 level of $385 million. The requested increase of $156 million over the FY 2000 enacted level, for an FY 2001 funding level of $541 million, would help millions of additional women bear their children at the healthiest times for both mother and baby. The requested increase would also greatly reduce the number of unintended pregnancies, abortions, and deaths of mothers and children. Therefore, we strongly urge the House to drop these restrictions and restore funding to the requested level.

Multilateral Development Banks

Every dollar in U.S. contributions leverages nearly $60 in development assistance from the Multilateral Development Banks (MDBs). The Committee's $536 million, or 40 percent, cut would substantially reduce MDBs lending for education, health, infectious disease prevention, and other social programs in the world's poorest countries. The reduction would also severely undermine our ability to influence new policy directions, such as the fight to bring the HIV/AIDS pandemic under control. Moreover, this cut

would nearly double U.S. arrears to over $800 million, reversing the progress made with bipartisan support in the FY 1998 and FY 1999 appropriations towards meeting our past-due obligations to these institutions. Of particular concern are the proposed cuts to the following institutions:

International Development Association (IDA). IDA is the primary concessional lender for most of the world's neediest countries, with 80 percent of its lending going to countries where people earn less than two dollars a day. The $259 million, or 31 percent, cut in funding made by the Committee would have a devastating impact on IDA's ability to finance priority investments in health, clean water supplies, education, and other infrastructure needed for lasting poverty reduction. Moreover, a low contribution would significantly diminish U.S. leadership as we approach IDA-13 replenishment negotiations early next year.

Global Environment Facility (GEF). The U.S. commitment to the GEF, begun under President Bush on a bipartisan basis, supports GEF's unique ability to finance environmental projects that cross country borders while promoting sound environmental policy in developing countries. The Committee's $140 million, or 80 percent, cut in funding would severely impair GEF's ability to play a prominent and cost-effective role in areas such as conservation of biodiversity and protection of fisheries. GEF's financial situation is precarious because its commitment authority is expected to run out late this year if financing is not made available. Given that each dollar we provide leverages $10 in co-financing, a low contribution would have a negative and cumulative effect on project work that benefits the global environment. In addition, this low level of funding would undermine U.S. credibility when negotiations for the next replenishment (GEF-3) begin later this year.

African Development Bank (AfDB). As part of the last capital increase, the AfDB agreed to a series of major institutional reforms designed to strengthen the financial security and corporate governance of the institution. The $3 million, or 49 percent, cut made by the Committee would limit our ability to exercise the leadership necessary to ensure that the bank continues on the path of reform.

Other Concerns. The Committee's cuts to the Asian Development Fund ($53 million), African Development Fund ($28 million), and the Inter-American Investment Corporation ($26 million) would limit the ability of these institutions to provide programs to reduce poverty in countries of critical interest to the United States and would call into question the willingness of other donors to continue their support for these institutions. In addition, the Administration is seriously concerned about the amendment added during the Committee mark-up that links the payment of 10 percent of the U.S. contributions to the international financial institutions to specific and problematic changes in procurement and financial management. Such an amendment would hinder our efforts to reach the international consensus needed to push for such reforms.

Nonproliferation, Anti-terrorism, Demining, and Related Programs

The Committee bill cuts the Administration's request of $352.7 million by $111.1 million, or 32 percent. A reduction of this magnitude cannot be made without jeopardizing programs vital to our nonproliferation and anti-terrorism efforts. In particular, the Committee recommends a cut of $20 million from the $55 million request for the Korean (Peninsula) Energy Development Organization, leaving insufficient funds to purchase necessary shipments of fuel oil, which we are required to provide under the 1995 Agreed Framework. The Committee's recommendation of $25 million for science centers in Russia, Ukraine, and Kazakhstan is $20 million, or 44 percent, below the Administration's request. This massive reduction would result in less support for scientists with expertise in weapons of mass destruction, thus increasing the risk of experts being hired by nations of concern. In addition, the Committee has not responded positively to the Administration's budget amendment that added $41.2 million for a U.S. contribution to the incremental costs of the trial of the suspected Libyan terrorists in the 1988 bombing of Pan Am flight 103 over Lockerbie, Scotland. The Administration is disappointed that the House Committee has not included requested funding for the Center for Anti-terrorism Security Training. The initiative is an integral part of the Administration's plans to address the growing worldwide terrorist threat.

Eastern Europe

The Administration appreciates the Committee's earlier support for FY 2000 emergency supplemental funds for programs in the Balkans. However, the shortfall from the supplemental request, when combined with the Committee's $75 million reduction to the FY 2001 request for the Assistance to Eastern Europe and the Baltic States account ($610 million to $535 million), would result in a reduction of $220 million, or 27 percent, below the funding needed to establish a stable and durable peace. In addition, the Administration strongly opposes the provision limiting funds available for Kosovo to 15 percent of funds pledged by other donors as of January 1, 2001. This cut-off date would restrict U.S. funding for Kosovo since many donors will not make funding decisions until after that date, thus undercounting other donor pledges. While burdensharing is a key component of our Kosovo policy, the 15-percent cap would arbitrarily make U.S. funding dependent on the decisions of others. The full funding request will support critical programs to revitalize Kosovo's civil society and economy, and reduce the need for prolonged U.S. presence in Kosovo as part of the Kosovo Force.

Assistance to the Independent States

The Committee mark is $96 million below the FY 2000 enacted level of $836 million. The Administration request includes a reduced allocation from FY 2000 for Expanded Threat Reduction Initiative (ETRI) programs, which would allow for restoration of funding for programs designed to foster economic and democratic reforms in the former Soviet Union after they were reduced to make room for ETRI this year. The Committee's reduction to this account would make such a restoration exceedingly difficult. The

Administration strongly opposes any prohibition of assistance to the Government of the Russian Federation related to Chechnya and Conventional Forces in Europe (CFE) Treaty limit. Denial of funding would seriously undermine our efforts to encourage Russia to honor its CFE Treaty commitments to reduce as soon as possible its military equipment to CFE levels and withdraw its forces from Georgia and Moldova.

U.S. Export-Import Bank

We appreciate the Committee's action to provide adequate program and administrative expense allocations for the Export-Import Bank. Nevertheless, the bill cuts the Administration's request of $963 million for program resources by $138 million, or 14 percent, which would reduce the Export-Import Bank's ability to support U.S. exports by 11 percent ($1.8 billion) from the FY 2000 enacted level and by 14 percent ($2.2 billion) from the President's FY 2001 request. Lower export levels translate directly into lower employment opportunities for U.S. workers and lower revenues for U.S. companies. The requested level is necessary to help the Export-Import Bank pay for the higher cost of international lending caused by higher risk levels resulting from the international financial crisis and represents only a modest increase over the Bank's capacity for FY 2000. The Committee's mark, therefore, represents a de facto reduction in the Bank's capacity to support U.S. exports when compared to the FY 2000 enacted level.

Peacekeeping Operations

The bill cuts the Administration's request of $134 million by $16 million, or 12 percent, which would impair our peacekeeping efforts around the world, requiring cuts to programs such as the U.S. component of the civilian police contingent in East Timor, support to regional peacekeeping initiatives in Africa, and our efforts to train African militaries for peacekeeping operations. Such a reduction could additionally leave us without the means to pay our fair share of the Organization for Security and Cooperation in Europe mission assessment for elections and governance programs directly supporting the peace processes in Bosnia and Kosovo.

Economic Support Fund (ESF)

The bill cuts the Administration's request of $2.3 billion for ESF by $79.1 million, or three percent. When combined with the Middle East and various other earmarks, these reductions would result in a 12-percent cut to other crucial foreign policy programs. Such a cut would have an adverse impact upon regional programs, particularly in Africa, and upon human rights and democracy programs worldwide.

International Organizations and Programs (IO&P)

We are concerned about the $8.5 million reduction to the Administration's request for IO&P. After taking into account funding for UNICEF and the Global Alliance for Vaccines Initiatives, which were requested under this heading but funded under other

accounts in the Committee bill, the reduction represents a six-percent reduction in the remaining programs, including important democracy and environmental programs.

Foreign Military Financing (FMF) and International Military Education and Training (IMET)

The Administration appreciates the Committee's positive response to the request for authority to disburse planned Egyptian outlays early in the fiscal year. However, the bill cuts the Administration's request for FMF of $3.5 billion by $28.2 million. After taking into account funding levels for vital Middle East programs, this reduction is a 17-percent decrease in grant funding for the rest of the world. This reduction would decrease our ability to support military reform and NATO inter-operability in the Balkans and South-East Europe, decrease our ability to strengthen capabilities and vital ties with the militaries of new NATO nations (Poland, Hungary, and the Czech Republic), and hamper our ability to support the Philippines, Tunisia, Morocco, and Mongolia, and build the peacekeeping capabilities of African nations.

The Committee has not accepted the Administration's proposal that the appropriations language requiring obligation upon apportionment for Foreign Military Financing be deleted. The Administration continues to request the deletion of this language. In addition, the Committee bill reduces the funding for administration of FMF programs by $2.5 million from the request and reduces the Administration's request for IMET by $2.5 million, or five percent. These reductions would further hamper these programs, in the face of increasing administrative and training costs.

International Narcotics Control and Law Enforcement (INL)

The Committee bill cuts the Administration's request by $7 million and provides the same level of funding as in FY 2000. International crime in the former Soviet Union, Asia, the Caribbean, Latin America, and elsewhere is a serious threat to U.S. interests. This account funds numerous long-term programs in a number of countries. Many of these initiatives are just getting off the ground and are starting to show beneficial results. A cut of $7 million could jeopardize these results in a number of programs now underway and negate the benefits of our initial investment.

U.S. Agency for International Development (USAID)

The bill cuts the Administration's request of $2.124 billion for development assistance and health programs by $207 million, or 10 percent. While the Administration notes that the Committee has provided a slight increase over the FY 2000 operating year budget level, the bulk of this increase is for health programs. The FY 2001 level for development assistance is inadequate to meet growing development needs worldwide. The overall reduction from the request in funding is compounded by the number of Committee directives, which would have the effect of further reducing funds available to promote economic growth, protect the environment, and support democracy. For example, at the Committee's funding level, it would be impossible to fully fund the Administration's

requests for increased assistance to preserve biodiversity in tropical forests and to promote clean energy technology without cutting deeply into these other activities. The combination of Committee directives and reduced funding levels for development assistance would mean that economic growth activities would be underfunded further, even though the Committee's report states that such activities are necessary if health and family planning programs are to have more than a marginal impact in poor countries.

The bill provides only $23 million of the $65 million increase requested for USAID's HIV/AIDS programs in the Child Survival and Disease Programs Fund. The failure to fund this request fully would set back the Administration's effort to build program momentum that is urgently needed to address the rapid spread of HIV/AIDS in Africa where it has become the leading cause of death, where infection rates often exceed 30 percent of the adult working population, and where it is undermining decades of effort to reduce mortality, improve health, expand educational opportunities, and lift people out of poverty. We urge the Committee to provide the full $244 million requested for HIV/AIDS programs.

The bill reduces the $50 million request for the Global Alliance for Vaccines and Immunizations to $37.5 million. This would undermine this public-private partnership's ability to leverage funds from international donors and the private sector to reach millions of children in need of critical vaccines.

The Committee's proposed $15 million (27 percent) cut in funding for the Office of Transition Initiatives (OTI) would severely impair the Office's ability to respond to time-sensitive transition situations and stave off crisis -- in places such as Indonesia, Nigeria, Colombia, and Kosovo -- and prevent OTI from helping to lay the foundations for peaceful democracy.

The Committee reduction from the requested $520 million to $509 million for operating expenses would make it more difficult for USAID to implement the much needed improvements in its financial management capabilities and overall information technology -- a goal the Administration and the Committee both share -- and would also make it difficult for the Agency to maintain the staffing level needed to provide adequate program oversight. In addition, the Committee should be aware that House report language accompanying the State Department appropriations bill (H.R. 4690) specifically prohibits the expenditure of $50 million in funds requested by the Administration for buildings to house USAID employees on embassy compounds safely. Safeguarding the lives of USAID employees would thus go unfunded because costs now required could not be absorbed within the President's request for the USAID operating expenses account.

Finally, while the Administration appreciates the Committee's efforts to provide sufficient administrative expenses to run USAID's credit programs, the drastic cut in transfer authority for USAID's Development Credit Program would impede the Agency's ability to mobilize local private capital for development purposes, including microenterprises in the countries in which it works.

Community Adjustment and Investment Program (USCAIP)

The Committee bill provides none of the $10 million requested for the USCAIP. The funds requested are important if the program, which provides financial assistance to U.S. communities with significant job losses due to the implementation of NAFTA, is to become fully productive.

International Technical Assistance Programs

The Committee bill cuts the Administration's request of $7 million by $5 million, or 71 percent. Less than full funding will limit our efforts to provide technical assistance in support of key reform-minded countries around the world.

Kyoto Protocol

The Administration opposes Committee bill language relating to the Kyoto Protocol. The language, which purports to prohibit implementation of the Kyoto Protocol is unnecessary, as the Administration has no intention of implementing the Protocol prior to ratification.

Phalcon Sale to China

The Administration would oppose any amendment that may be offered to condition the disbursement of $250 million in FMF assistance to Israel until the Secretary of Defense certifies to Congress that the proposed transfer by Israel to China of equipment and technology associated with the "Phalcon" radar system does not pose a threat to the national security of the United States or has been canceled. We do not view the fencing off of funds in a situation such as this as an effective way to achieve our objectives.

Constitutional Concerns

Several provisions of the Committee bill raise constitutional issues. The Department of Justice has provided views as follows:

Sections 514 (Surplus Commodities), and 564 (Restrictions on Assistance to Countries Providing Sanctuary to Indicted War Criminals) purport to direct the vote of the United States representatives to international financial bodies. As provisions that purport specifically to direct the President on how to proceed in negotiations with international organization could be construed to interfere with the President's exclusive power to control diplomatic negotiations, these provisions would be construed as precatory should they be enacted.

Section 565 (To Prohibit Foreign Assistance to the Government of the Russian Federation Should It Enact Laws Which Would Discriminate Against Minority Religious Faiths in the Russian Federation) and the section entitled "Contribution to the

International Development Association," could be read to infringe upon the President's authority over diplomatic negotiations. These provisions, if enacted, would also be construed as precatory.

Finally, in order to avoid intrusion into the President's negotiation power and his ability to maintain the confidentiality of diplomatic negotiations, section 566 (Greenhouse Gas Emissions) would not be interpreted to require the President to disclose either the contents of diplomatic communications or specific plans for particular negotiations in the future.

July 12, 2000
(House)

H.R. 4811 - FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS BILL, FY 2001
(Sponsors: Young (R), FL; Callahan (R), AL)
This Statement of Administration Policy provides the Administration's views on the Foreign Operations, Export Financing and Related Programs Appropriations Bill, FY 2001, as reported by the House Committee. Your consideration of the Administration's views would be appreciated.

The President's FY 2001 Budget is based on a balanced approach that maintains fiscal discipline, eliminates the national debt, extends the solvency of Social Security and Medicare, provides for an appropriately sized tax cut, establishes a new voluntary Medicare prescription drug benefit in the context of broader reforms, expands health care coverage to more families, and funds critical investments for our future. An essential element of this approach is ensuring adequate funding for discretionary programs. To this end, the President has proposed discretionary spending limits at levels that we believe are necessary to serve the American people.

Unfortunately, the FY 2001 congressional budget resolution provides inadequate resources for discretionary investments. We need realistic levels of funding for critical government functions that the American people expect their government to perform well, including education, national security, law enforcement, environmental protection, preservation of our global leadership, air safety, food safety, economic assistance for the less fortunate, research and technology, and the administration of Social Security and Medicare. Based on the inadequate budget resolution, this bill fails to address critical needs of the American people.

Despite the Subcommittee's efforts to provide increases over last year's funding levels for certain programs, the funding provided is inadequate, and many provisions of the Committee bill, such as the international family planning provision, are highly objectionable. The President's senior advisers would recommend that the President veto the bill if it were presented to him in its current form.

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RELATED PROGRAMS APPROPRIATIONS BILL, FY 2001
(As Reported by the House Committee)

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Multilateral Development Banks

Every dollar in U.S. contributions leverages nearly $60 in development assistance from the Multilateral Development Banks (MDBs). The Committee's $536 million, or 40 percent, cut would substantially reduce MDBs lending for education, health, infectious disease prevention, and other social programs in the world's poorest countries. The reduction would also severely undermine our ability to influence new policy directions, such as the fight to bring the HIV/AIDS pandemic under control. Moreover, this cut

would nearly double U.S. arrears to over $800 million, reversing the progress made with bipartisan support in the FY 1998 and FY 1999 appropriations towards meeting our past-due obligations to these institutions. Of particular concern are the proposed cuts to the following institutions:

International Development Association (IDA). IDA is the primary concessional lender for most of the world's neediest countries, with 80 percent of its lending going to countries where people earn less than two dollars a day. The $259 million, or 31 percent, cut in funding made by the Committee would have a devastating impact on IDA's ability to finance priority investments in health, clean water supplies, education, and other infrastructure needed for lasting poverty reduction. Moreover, a low contribution would significantly diminish U.S. leadership as we approach IDA-13 replenishment negotiations early next year.

Global Environment Facility (GEF). The U.S. commitment to the GEF, begun under President Bush on a bipartisan basis, supports GEF's unique ability to finance environmental projects that cross country borders while promoting sound environmental policy in developing countries. The Committee's $140 million, or 80 percent, cut in funding would severely impair GEF's ability to play a prominent and cost-effective role in areas such as conservation of biodiversity and protection of fisheries. GEF's financial situation is precarious because its commitment authority is expected to run out late this year if financing is not made available. Given that each dollar we provide leverages $10 in co-financing, a low contribution would have a negative and cumulative effect on project work that benefits the global environment. In addition, this low level of funding would undermine U.S. credibility when negotiations for the next replenishment (GEF-3) begin later this year.

African Development Bank (AfDB). As part of the last capital increase, the AfDB agreed to a series of major institutional reforms designed to strengthen the financial security and corporate governance of the institution. The $3 million, or 49 percent, cut made by the Committee would limit our ability to exercise the leadership necessary to ensure that the bank continues on the path of reform.

Other Concerns. The Committee's cuts to the Asian Development Fund ($53 million), African Development Fund ($28 million), and the Inter-American Investment Corporation ($26 million) would limit the ability of these institutions to provide programs to reduce poverty in countries of critical interest to the United States and would call into question the willingness of other donors to continue their support for these institutions. In addition, the Administration is seriously concerned about the amendment added during the Committee mark-up that links the payment of 10 percent of the U.S. contributions to the international financial institutions to specific and problematic changes in procurement and financial management. Such an amendment would hinder our efforts to reach the international consensus needed to push for such reforms.

Nonproliferation, Anti-terrorism, Demining, and Related Programs

The Committee bill cuts the Administration's request of $352.7 million by $111.1 million, or 32 percent. A reduction of this magnitude cannot be made without jeopardizing programs vital to our nonproliferation and anti-terrorism efforts. In particular, the Committee recommends a cut of $20 million from the $55 million request for the Korean (Peninsula) Energy Development Organization, leaving insufficient funds to purchase necessary shipments of fuel oil, which we are required to provide under the 1995 Agreed Framework. The Committee's recommendation of $25 million for science centers in Russia, Ukraine, and Kazakhstan is $20 million, or 44 percent, below the Administration's request. This massive reduction would result in less support for scientists with expertise in weapons of mass destruction, thus increasing the risk of experts being hired by nations of concern. In addition, the Committee has not responded positively to the Administration's budget amendment that added $41.2 million for a U.S. contribution to the incremental costs of the trial of the suspected Libyan terrorists in the 1988 bombing of Pan Am flight 103 over Lockerbie, Scotland. The Administration is disappointed that the House Committee has not included requested funding for the Center for Anti-terrorism Security Training. The initiative is an integral part of the Administration's plans to address the growing worldwide terrorist threat.

Eastern Europe

The Administration appreciates the Committee's earlier support for FY 2000 emergency supplemental funds for programs in the Balkans. However, the shortfall from the supplemental request, when combined with the Committee's $75 million reduction to the FY 2001 request for the Assistance to Eastern Europe and the Baltic States account ($610 million to $535 million), would result in a reduction of $220 million, or 27 percent, below the funding needed to establish a stable and durable peace. In addition, the Administration opposes the provision limiting funds available for Kosovo to 15 percent of funds pledged by other donors as of January 1, 2001. This cut-off date would restrict U.S. funding for Kosovo since many donors will not make funding decisions until after that date, thus undercounting other donor pledges. While burdensharing is a key component of our Kosovo policy, the 15-percent cap would arbitrarily make U.S. funding dependent on the decisions of others. The full funding request will support critical programs to revitalize Kosovo's civil society and economy, and reduce the need for prolonged U.S. presence in Kosovo as part of the Kosovo Force.

Assistance to the Independent States

The Committee mark is $96 million below the FY 2000 enacted level of $836 million. The Administration strongly opposes the Committee's decision to cut funding for critically important programs to foster economic and democratic reforms in the former Soviet Union. These carefully targeted programs work with reform-minded governments and help foster grass roots support for reforms by working with small businesses and non-governmental organizations. These programs are helping citizens of the region make

the transition to market democracies -- a transition clearly in our long-term national security interests. We also strongly object to cuts in the request for Expanded Threat Reduction Initiative (ETRI) programs. The Administration's ETRI request will advance important nonproliferation objectives in the former Soviet Union. A cut in this request will undermine our ability to prevent the spread of nuclear weapons and the illicit trafficking in WMD and missile related technologies. The Administration strongly opposes any prohibition of assistance to the Government of the Russian Federation in response to Chechnya and Conventional Forces in Europe (CFE) Treaty limit. Denial of funding would seriously undermine our efforts to work with the Russian Government to prevent the spread of nuclear weapons, to engage Russian scientists who would otherwise work on projects in countries of proliferation concern, and to honor its CFE Treaty-related commitments to withdraw its forces from Georgia and Moldova.

U.S. Export-Import Bank

We appreciate the Committee's action to provide adequate program and administrative expense allocations for the Export-Import Bank. Nevertheless, the bill cuts the Administration's request of $963 million for program resources by $138 million, or 14 percent, which would reduce the Export-Import Bank's ability to support U.S. exports by 11 percent ($1.8 billion) from the FY 2000 enacted level and by 14 percent ($2.2 billion) from the President's FY 2001 request. Lower export levels translate directly into lower employment opportunities for U.S. workers and lower revenues for U.S. companies. The requested level is necessary to help the Export-Import Bank pay for the higher cost of international lending caused by higher risk levels resulting from the international financial crisis and represents only a modest increase over the Bank's capacity for FY 2000. The Committee's mark, therefore, represents a de facto reduction in the Bank's capacity to support U.S. exports when compared to the FY 2000 enacted level.

Peacekeeping Operations

The bill cuts the Administration's request of $134 million by $16 million, or 12 percent, which would impair our peacekeeping efforts around the world, requiring cuts to programs such as the U.S. component of the civilian police contingent in East Timor, support to regional peacekeeping initiatives in Africa, and our efforts to train African militaries for peacekeeping operations. Such a reduction could additionally leave us without the means to pay our fair share of the Organization for Security and Cooperation in Europe mission assessment for elections and governance programs directly supporting the peace processes in Bosnia and Kosovo.

Economic Support Fund (ESF)

The bill cuts the Administration's request of $2.3 billion for ESF by $79.1 million, or three percent. When combined with the Middle East and various other earmarks, these reductions would result in a 12-percent cut to other crucial foreign policy programs. Such a cut would have an adverse impact upon regional programs, particularly in Africa, and upon human rights and democracy programs worldwide.

International Organizations and Programs (IO&P)

We are concerned about the $8.5 million reduction to the Administration's request for IO&P. After taking into account funding for UNICEF and the Global Alliance for Vaccines Initiatives, which were requested under this heading but funded under other accounts in the Committee bill, the reduction represents a six-percent reduction in the remaining programs, including important democracy and environmental programs.

Foreign Military Financing (FMF) and International Military Education and Training (IMET)

The Administration appreciates the Committee's positive response to the request for authority to disburse planned Egyptian outlays early in the fiscal year. However, the bill cuts the Administration's request for FMF of $3.5 billion by $28.2 million. After taking into account funding levels for vital Middle East programs, this reduction is a 17-percent decrease in grant funding for the rest of the world. This reduction would decrease our ability to support military reform and NATO inter-operability in the Balkans and South-East Europe, decrease our ability to strengthen capabilities and vital ties with the militaries of new NATO nations (Poland, Hungary, and the Czech Republic), and hamper our ability to support the Philippines, Tunisia, Morocco, and Mongolia, and build the peacekeeping capabilities of African nations.

The Committee has not accepted the Administration's proposal that the appropriations language requiring obligation upon apportionment for Foreign Military Financing be deleted. The Administration continues to request the deletion of this language. In addition, the Committee bill reduces the funding for administration of FMF programs by $2.5 million from the request and reduces the Administration's request for IMET by $2.5 million, or five percent. These reductions would further hamper these programs, in the face of increasing administrative and training costs.

International Narcotics Control and Law Enforcement (INL)

The Committee bill cuts the Administration's request by $7 million and provides the same level of funding as in FY 2000. International crime in the former Soviet Union, Asia, the Caribbean, Latin America, and elsewhere is a serious threat to U.S. interests. This account funds numerous long-term programs in a number of countries. Many of these initiatives are just getting off the ground and are starting to show beneficial results. A cut of $7 million could jeopardize these results in a number of programs now underway and negate the benefits of our initial investment.

U.S. Agency for International Development (USAID)

The bill cuts the Administration's request of $2.124 billion for development assistance and health programs by $207 million, or 10 percent. While the Administration notes that the Committee has provided a slight increase over the FY 2000 operating year budget

level, the bulk of this increase is for health programs. The FY 2001 level for development assistance is inadequate to meet growing development needs worldwide. The overall reduction from the request in funding is compounded by the number of Committee directives, which would have the effect of further reducing funds available to promote economic growth, protect the environment, and support democracy. For example, at the Committee's funding level, it would be impossible to fully fund the Administration's requests for increased assistance to preserve biodiversity in tropical forests and to promote clean energy technology without cutting deeply into these other activities. The combination of Committee directives and reduced funding levels for development assistance would mean that economic growth activities would be underfunded further, even though the Committee's report states that such activities are necessary if health and family planning programs are to have more than a marginal impact in poor countries.

The bill provides only $23 million of the $65 million increase requested for USAID's HIV/AIDS programs in the Child Survival and Disease Programs Fund. The failure to fund this request fully would set back the Administration's effort to build program momentum that is urgently needed to address the rapid spread of HIV/AIDS in Africa where it has become the leading cause of death, where infection rates often exceed 30 percent of the adult working population, and where it is undermining decades of effort to reduce mortality, improve health, expand educational opportunities, and lift people out of poverty. We urge the Committee to provide the full $244 million requested for HIV/AIDS programs.

The bill reduces the $50 million request for the Global Alliance for Vaccines and Immunizations to $37.5 million. This would undermine this public-private partnership's ability to leverage funds from international donors and the private sector to reach millions of children in need of critical vaccines.

The Committee's proposed $15 million (27 percent) cut in funding for the Office of Transition Initiatives (OTI) would severely impair the Office's ability to respond to time-sensitive transition situations and stave off crisis -- in places such as Indonesia, Nigeria, Colombia, and Kosovo -- and prevent OTI from helping to lay the foundations for peaceful democracy.

The Committee reduction from the requested $520 million to $509 million for operating expenses would make it more difficult for USAID to implement the much needed improvements in its financial management capabilities and overall information technology -- a goal the Administration and the Committee both share -- and would also make it difficult for the Agency to maintain the staffing level needed to provide adequate program oversight. In addition, the Committee should be aware that House report language accompanying the State Department appropriations bill (H.R. 4690) specifically prohibits the expenditure of $50 million in funds requested by the Administration for buildings to house USAID employees on embassy compounds safely. Safeguarding the lives of USAID employees would thus go unfunded because costs now required could not be absorbed within the President's request for the USAID operating expenses account.

Finally, while the Administration appreciates the Committee's efforts to provide sufficient administrative expenses to run USAID's credit programs, the drastic cut in transfer authority for USAID's Development Credit Program would impede the Agency's ability to mobilize local private capital for development purposes, including microenterprises in the countries in which it works.

Community Adjustment and Investment Program (USCAIP)

The Committee bill provides none of the $10 million requested for the USCAIP. The funds requested are important if the program, which provides financial assistance to U.S. communities with significant job losses due to the implementation of NAFTA, is to become fully productive.

International Technical Assistance Programs

The Committee bill cuts the Administration's request of $7 million by $5 million, or 71 percent. Less than full funding will limit our efforts to provide technical assistance in support of key reform-minded countries around the world.

Kyoto Protocol

The Administration opposes Committee bill language relating to the Kyoto Protocol. The language, which purports to prohibit implementation of the Kyoto Protocol, is unnecessary, as the Administration has no intention of implementing the Protocol prior to ratification.

Phalcon Sale to China

The Administration would oppose any amendment that may be offered to condition the disbursement of $250 million in FMF assistance to Israel until the Secretary of Defense certifies to Congress that the proposed transfer by Israel to China of equipment and technology associated with the "Phalcon" radar system does not pose a threat to the national security of the United States or has been canceled. We do not view the fencing off of funds in a situation such as this as an effective way to achieve our objectives.

Constitutional Concerns

Several provisions of the Committee bill raise constitutional issues. The Department of Justice has provided views as follows:

Sections 514 (Surplus Commodities), and 564 (Restrictions on Assistance to Countries Providing Sanctuary to Indicted War Criminals) purport to direct the vote of the United States representatives to international financial bodies. As provisions that purport specifically to direct the President on how to proceed in negotiations with international organization could be construed to interfere with the President's exclusive power to

control diplomatic negotiations, these provisions would be construed as precatory should they be enacted.

Section 565 (To Prohibit Foreign Assistance to the Government of the Russian Federation Should It Enact Laws Which Would Discriminate Against Minority Religious Faiths in the Russian Federation) and the section entitled "Contribution to the International Development Association," could be read to infringe upon the President's authority over diplomatic negotiations. These provisions, if enacted, would also be construed as precatory.

Finally, in order to avoid intrusion into the President's negotiation power and his ability to maintain the confidentiality of diplomatic negotiations, section 566 (Greenhouse Gas Emissions) would not be interpreted to require the President to disclose either the contents of diplomatic communications or specific plans for particular negotiations in the future.

July 20, 2000
(House)

H.R. 4871 - TREASURY AND GENERAL GOVERNMENT APPROPRIATIONS BILL, FY 2001
(Sponsors: Young (R), Florida; Kolbe (R), Arizona)
This Statement of Administration Policy provides the Administration's views on the Treasury and General Government Appropriations Bill, FY 2001, as reported by the House Committee. Your consideration of the Administration's views would be appreciated.

The President's FY 2001 Budget is based on a balanced approach that maintains fiscal discipline, eliminates the national debt, extends the solvency of Social Security and Medicare, provides for an appropriately sized tax cut, establishes a new voluntary Medicare prescription drug benefit in the context of broader reforms, expands health care coverage to more families, and funds critical investments for our future. An essential element of this approach is ensuring adequate funding for discretionary programs. To this end, the President has proposed discretionary spending limits at levels that we believe are necessary to serve the American people.

Unfortunately, the FY 2001 congressional budget resolution provides inadequate resources for discretionary investments. We need realistic levels of funding for critical government functions that the American people expect their government to perform well, including education, national security, law enforcement, environmental protection, preservation of our global leadership, air safety, food safety, economic assistance for the less fortunate, research and technology, and the administration of Social Security and Medicare. Based on the inadequate budget resolution, the Committee bill does not address critical needs of the American people. In addition, the Committee bill includes several objectionable provisions.

Across the appropriations bills, there is a pattern of underfunding core government operations such as air safety, park maintenance, and the administration of Social Security and Medicare. The Committee bill continues this pattern by underfunding the Internal Revenue Service, counterterrorism programs, Presidential transition expenses, and necessary construction and repair of Federal facilities. If the bill were presented to the President in its current form, his senior advisers would recommend that he veto it.

The attachment provides a discussion of our specific concerns with the Committee bill. We look forward to working with the House to address our mutual concerns.

Attachment

Attachment

TREASURY AND GENERAL GOVERNMENT
APPROPRIATIONS BILL, FY 2001
(As Reported by the House Committee)
Department of the Treasury

The Administration appreciates the Committee's full funding of key provisions of our National Gun Enforcement Initiative. However, the Administration is very concerned with the large reductions in the Committee bill for key priorities of the Department of the Treasury. The bill provides $873.0 million less than the President's request for Treasury's programs, which would significantly reduce funding for vital programs in the IRS, counterterrorism, Customs, and other activities. Specific funding issues include:

Internal Revenue Service. The Administration strongly objects to the deeply inadequate funding level provided for the IRS and urges the Committee to fully fund the President's budget request. The House Committee mark provides $8.5 billion for the IRS, $466.0 million (5.2 percent) below the President's request. The mark would halt many of our current efforts to modernize the IRS and to improve both customer service and compliance. In 1998, an overwhelming, bipartisan majority of the Congress passed the IRS Reform and Restructuring Act (RRA) and joined the Administration in calling for changes that would improve service to taxpayers and enhance the ability of the IRS to administer our Nation's tax system in a fair and efficient manner. The Committee mark would make it impossible to implement many of the core improvements contemplated under the RRA. Instead, the mark would require the IRS to reduce its current staffing by more than 2,000 full-time employees. It would eliminate numerous customer service initiatives and reduce audit rates to an unacceptably low 0.26 percent. We urge the House to restore the funding necessary to carry through on the bipartisan commitment to improve the ability of the IRS to serve its customers and administer the tax code in a fair and efficient manner.

Counterterrorism and Drug Kingpins. The Committee has not provided any of the $77.0 million requested for counterterrorism initiatives. These funds would enhance Treasury's work to deter and detect terrorist activity and continue the high level of effort undertaken during the Millennium celebration events. Treasury, because of its unique financial investigative capabilities and role in border control, is a critical component of the enhanced Government-wide effort to combat terrorism. What we learned during the Millennium New Year period concerns many of us. There is consensus that the threat of domestic terrorist attack has increased significantly and that we need to increase our efforts to protect against it. The Administration is very concerned that the Committee has failed to address this heightened threat.

Further, the Committee has failed to include any of the $55.0 million requested to replenish Treasury's Counterterrorism Fund. The Counterterrorism Fund ensures that Treasury is able to cover the costs associated with responding to unanticipated acts of terrorism. Treasury bureaus have important counterterrorism responsibilities in this Government-wide effort, including: protecting the President; designing and implementing security at National Special Security Events; investigating arson, explosives, and firearms incidents; preventing weapons of mass destruction from entering our country; and, conducting financial investigations relating to terrorism.

The Committee mark excludes all of the FY 2001 proposed initiatives for the Office of Foreign Assets Control (OFAC), which emphasize countermeasures against drug kingpin organizations, including: $2.9 million for 11 FTEs for improved services under the International Emergency Economic Powers Act; and, the $3.0 million full-year cost of 20 positions supporting the Narcotics Kingpin Designation Act. Restoration of these funds will continue the bipartisan legislative efforts to address these critical national security and narco-terrorism issues.

United States Customs Service. The Administration appreciates the $105.0 million in funding provided for the Automated Commercial Environment (ACE). We urge the House to provide the full $210.0 million needed to fully fund this project. To provide this funding, we urge the House to consider the fee proposed in the President's budget. While we appreciate the Committee's recognition of the importance of Customs' work to combat international child labor by funding a $2 million increase, we urge the Congress to fully fund the requested $5 million increase in order to enforce the ban on the importation of goods made with forced or indentured child labor, denying such products access to the lucrative U.S. marketplace.

First Accounts. While the Administration is pleased that the Committee has provided $2.0 million for the President's First Accounts initiative, we urge the Committee to provide the full $30.0 million requested. The First Accounts initiative would expand access to mainstream financial services for millions of "unbanked" Americans families who lack this basic passport to the modern American economy. Access to bank accounts, ATMs, and consumer education can help to reduce costs for low-income families, help families manage household finances, and to plan and save for the future. Failure to fully fund this bipartisan initiative will result in millions of families being denied access to the financial services mainstream.

Financial Management Service. We urge the House to restore the $4.0 million reduction to the President's request for the Financial Management Service. The Committee mark eliminates funding for investments that are important to provide security and modernize the financial systems through which we account for all government spending, and through which most Federal payments are made.

Federal Public Key Infrastructure. The Committee bill does not allocate the requested $7.0 million to fund the full-scale development and implementation of a Federal Public Key Infrastructure, which is critical to providing a secure environment for electronic government. We urge the House to provide funding for this important initiative in the Administration's request.

Money Laundering. The Administration reiterates its request for full funding the $15.0 million Money Laundering Strategy. The fight against money laundering is critical. Counter-money laundering efforts allow us to pursue those who commit the underlying crimes that produce dirty money -- whether drug dealing, fraud, corruption, or other forms of organized crime.

General Services Administration

The Administration is disappointed by the Committee's funding levels for key priorities of the General Services Administration (GSA). The Committee bill provides $1.1 billion less than the President's request for GSA's programs, which would significantly reduce vital programs in courthouse construction, Presidential transition, and other activities. Specific funding issues include:

Construction and Repair and Alteration Funding. The Committee bill fails to fund any new design or construction, including courthouses, the FDA and ATF headquarters, and several border stations, and significantly underfunds needed repair and alterations of existing Federal buildings, such as those in Suitland, Maryland. The Administration strongly urges the House to provide funds for these needed projects, especially those with important safety, security, and health benefits.

Presidential Transition. The bill fails to fund the $7.0 million requested for the expenses of the Presidential transition, including office space, travel, communications postage, and personnel. These funds are needed primarily between the months of November 2000 - March 2001 to ensure a smooth transition of both the incoming and outgoing Administrations. We urge the House to provide the requested funds.

Policy and Operations. The Committee bill cuts funding for the GSA Policy and Operations account $22.0 million below the request and $4.0 million below the FY 2000 enacted level. The bill does not provide funding for any new initiatives, such as the requested $15.4 million for the critical infrastructure protection program, including $10.0 million for FIDNet and $5.4 million for FedCIRC, and $2.0 million for the RISC/OIRA Consolidated Information System. We urge the House to provide funding for these important initiatives in the Administration's request.

Federal Building Operations. The bill freezes funding for Federal building operations at the FY 2000 enacted level, which is $44.0 million below the request. Such a reduction would hinder GSA's ability to protect, operate, and maintain the buildings in its inventory, especially with more than three million square feet of new Government-owned space scheduled to come on-line during FYs 2000 and 2001. We encourage the House to provide the requested increase.

Drug Prevention Programs

The Administration appreciates the Committee's support of the President's drug control funding priorities but is disappointed that the bill does not fully fund the request for the National Youth Anti-Drug Media Campaign, the Drug-Free Communities Program, and the Criminal Justice Treatment initiative of the Office of National Drug Control Policy (ONDCP). Advertising costs have increased almost 40 percent in the past two years, and reduced funding would diminish ONDCP's ability to deliver messages to local media markets, where specific drug use problems, including use of ecstasy and methamphetamine, are of concern. The $5.0 million reduction in the Drug-Free Communities Program would cause 50 fewer communities to receive grants to support coalitions working to prevent youth substance abuse.

National Archives and Records Administration

The House Committee mark provides $201.2 million for the National Archives and Records Administration (NARA), $108.0 million below the request and $23.4 million below the FY 2000 enacted level. The mark provides no funding for the Archives I renovation project, which includes eliminating serious fire safety threats. Delaying the renovation project could place the lives of visitors and staff at risk and endanger irreplaceable archival records, including the Charters of Freedom. The Committee mark also does not provide funding for essential repairs needed to the Kennedy Library due to severe water damage.

Office of Personnel Management

The Administration strongly objects to the elimination of $6.2 million in requested funding for the Federal Cyber Services (FCS) initiative. The President's overall critical infrastructure protection initiative is essential to ensuring that the Federal Government is protected from acts of cyber-terrorism and can maintain its information security infrastructure with a highly trained and competent workforce. FCS is a key element to ensure that adequate numbers of people are recruited, trained, and motivated to remain in Federal service.

Merit Systems Protection Board

The Administration is concerned that the Committee level for the Merit Systems Protection Board (MSPB) does not reflect the June 5, 2000, budget amendment for $580,000. These funds are needed for MSPB to carry out its congressional mandate to

adjudicate FAA appeals retroactively to March 1, 1996, and to pay for higher rent associated with the need to re-compete expiring leases, including relocating its Washington Regional Office to a location accessible to public transportation.

Office of Special Counsel

The Administration is concerned that the Committee bill does not include $828,000 requested by the Office of the Special Counsel (OSC) to support 10 additional FTEs needed to continue the Office's efforts to reduce its pending backlog. In 1994, Congress imposed upon the OSC a 240-day deadline for processing and investigating complaints, including those involving prohibited personnel practices and reprisal for whistleblowing. The request for additional staff is an essential part of an aggressive, multi-year strategy by the agency to meet the congressional mandate, in the face of an escalating number of complaints.

Food Aid

The Administration strongly objects to a provision added in Committee that would require OMB to apportion at least 75 percent of the FY 2001 funding for international food assistance provided by the Department of Agriculture no later than December 31, 2000. The provision would also limit OMB's involvement with the interagency Food Assistance Policy Council (FAPC) to administrative matters. OMB has played a positive and vital role in the Administration's recent record high food donation levels by helping to ensure that there is sound program management and interagency policy coordination. First, OMB, for decades, has been delegated by the President his statutory responsibility for execution of the budget. This provision would seriously restrict the President's ability to discharge his responsibilities. Second, the provision would hamper the President's ability to conduct foreign policy since the FAPC provides a forum for different agencies to work together to ensure that food donations are provided in a way that is consistent with U.S. international objectives.

Unanticipated Needs/Other Executive Office of the President Issues

The Committee bill includes neither the $1.0 million requested to meet general unanticipated needs related to the national interest, security, or defense, nor the $2.5 million specifically requested to facilitate public education in Puerto Rico on the islands' status options and a local choice among them. Although Puerto Rico was acquired over a century ago, its ultimate status still has not been determined. The situation raises questions of democracy and the appropriate economic and social policies for the islands. A primary reason for the situation -- and the requested funding -- is that Puerto Ricans have been unsure of the possible options for the islands' status. The United States has a responsibility to ensure that Puerto Ricans are aware of and can seek a fully democratic governing arrangement if they wish. This serious concern is one of several concerns regarding funding for the Executive Office of the President presented by the bill. The Administration will work with the Congress to address those concerns as the bill moves forward.

Objectionable Language Provisions

The Administration objects to several language provisions in a variety of programs. Specific issues include:

Firearms Procurement. We strongly oppose a provision of the bill and a further amendment may be offered that would restrict the Department of the Treasury, while pursuing the procurement of the highest quality firearms and ammunition, from working with the gun industry to reform the way gun manufacturers design, distribute, and market their products. Such reforms, like those being implemented through the Administration's historic agreement with Smith & Wesson, can make significant progress in the fight to reduce gun violence in America and save lives. At a time when our Nation loses nearly 12 children per day in gunfire, Congress should be doing all it can to move forward, not backward, in the fight to reduce gun violence.

Federal Employees Health Benefits Program (FEHBP) Abortion Coverage. The Administration strongly opposes any provisions that would restrict FEHBP coverage for abortions except in situations where the life of the mother is endangered or the pregnancy is the result of rape or incest and would support an amendment to strike the Committee provisions. While the President believes that abortion should be safe, legal, and rare, the Administration does not believe that Federal employees and their families should be precluded from choosing to purchase health insurance that includes broader coverage.

FEHBP Contraceptive Coverage. The Administration supports the language in the Committee bill that continues requirements in current law for coverage of prescription contraceptives by health plans participating in the FEHBP and would oppose an amendment that may be offered that would strike this authority.

FEHBP Cost Accounting Standards. The Administration has consistently opposed a broad-based statutory waiver of the cost accounting standards (CAS). CAS provide a mechanism for experience-rated carriers to accumulate and report consistently Federal Employees Health Benefits Program (FEHBP) administrative costs (i.e., overhead), along with other financial data, to OPM. This information provides a means for ensuring that the carriers are accurately allocating these costs between their FEHBP business line and their other business lines, so that, among other things, OPM can ensure that taxpayers and participating Federal employees are paying an equitable amount of administrative costs in their health insurance premiums.

Metropolitan Washington Airports Authority Police. The Committee bill contains an objectionable provision that would treat Metropolitan Washington Airports Authority Police officers as law enforcement officers for retirement purposes. Following a

comprehensive on-site review by retirement and classification experts, OPM issued a report finding that the duties and responsibilities of these police officers do not meet the criteria for law enforcement retirement coverage under Title 5, U.S.C. Allowing law enforcement officer coverage for these police officers would create an inequity vis-a-vis Federally-employed police officers, who do not generally qualify for such coverage.

Section 517. The Administration recognizes that the trade in "conflict diamonds" fuels instability in Africa and, therefore, launched a State Department Initiative in 1999 aimed at curbing the illegal diamond trade. We strongly support the intent conveyed in section 517, in particular the intent to restrict trade in illegal diamonds while recognizing the certification of origin of rough diamonds by the Government of Sierra Leone. We also support the identification of countries actively engaged in the illicit diamond trade. We are concerned, however, that section 517 does not extend a similar exemption to Angola and the certificate of origin regime recently agreed to by the Angolan Government.

The Administration believes that while countering illicit trade in diamonds, legitimate diamond producers should be protected and encouraged. Therefore, we cannot support language that would inhibit trade in diamonds that are legitimately certified by duly recognized governments, such as Angola, under internationally-accepted certification regimes. In addition, the provision, as drafted, is unenforceable. Customs would not be able to determine the country in which diamonds are mined when they are imported from diamond centers such as Belgium, as there is currently no legal requirement to specify the country in which a diamond is mined, and the provision does not impose such a requirement. The Administration would be pleased to work with the House to try to develop language that resolves these concerns while preserving the intent of section 517. Kyoto Protocol. The Administration opposes the Committee bill language relating to the Kyoto Protocol. The language, which purports to prohibit implementation of the Kyoto Protocol, is unnecessary, as the Administration has no intention of implementing the Protocol prior to ratification.

Federal Contracting. The Administration understands that an amendment may be offered that would bar the Executive Branch from promulgating a regulation to assist contracting officers in determining whether a prospective contractor has the requisite record of integrity and business ethics to be eligible for award of a Federal contract. The amendment would prevent implementation of this regulation until the General Accounting Office (GAO) has completed an assessment of the extent to which Federal agencies have contracted with companies that have violated Federal laws. GAO has already completed several such studies. The Administration would strongly oppose such an amendment.

The Administration believes that it is inappropriate to delay implementation of a regulation that reinforces the basic legal requirement for Federal contracting officials to

consider a prospective contractor's record of integrity and business ethics before awarding a contract. GAO recently issued a report indicating that violations of laws by contractors doing business with the Defense Department resulted in the assessment of more than $400.0 million in fines in the last five years alone. This is the second GAO report finding violations of laws by contractors within the last five years. The proposed regulation provides guidance on what constitutes integrity and business ethics; ensures that contracting officials have the information they need to make this assessment; and, includes provisions that ensure fairness and due process for those companies that wish to do business with the Federal Government. Additionally, the proposed regulation does not alter current appeal rights for small entities from adverse decisions by contracting officials. For these reasons, the Administration strongly urges the House to oppose this amendment.

Section 620. Section 620 of the bill raises substantial separation of powers concerns because it could be read to limit the ability of the President and his appointed heads of departments to supervise and control the operations and communications of the Executive Branch, including the control of privileged and national security information. We therefore object to this provision.

Infringement on Executive Authority. The Administration objects to a number of provisions in the Committee bill that would require congressional approval before Executive Branch execution. The Administration will interpret these provisions to require only notification of Congress, since any other interpretation would contradict the Supreme Court ruling in INS v. Chadha.

July 18, 2000
(House)

H.J.Res. 103 - Disapproving the Extension of Nondiscriminatory Trade Treatment to China
(Rohrabacher (R) CA and 3 cosponsors)
The Administration strongly opposes H.J.Res. 103, which would disapprove normal trade relations (NTR) with China, and if it were presented to the President he would veto it. The House acted on May 24, 2000, to grant Permanent Normal Trade Relations (PNTR) to China. Granting annual NTR is required to maintain our present trading relations. The PNTR package passed by the House and nearing action in the Senate will extend PNTR to China only after China's formal accession to the World Trade Organization.

For the same reason that the President strongly supports extending PNTR to China, he strongly opposes this resolution, which if passed, would disrupt the relationship between the United States and China.

The Administration urges support for the renewal of NTR to China because it advances a broad range of critical U.S. interests, such as advancing America's economic interests, preventing the spread of weapons of mass destruction, combating international crime and drug trafficking, promoting economic and regional stability in Asia, and protecting the global environment. Maintaining our overall relationship with China will enable the United States to actively engage China in the months and years ahead, to enhance areas of cooperation, and to pursue American interests where we differ. That engagement can help determine whether China becomes an increasingly open and productive partner for America, or whether it becomes more isolated and unpredictable. Extending NTR status to China is vital to our ability to successfully engage China and advance U.S. interests.

Revoking annual NTR would significantly damage America's relationship with a fifth of the world's population and jeopardize U.S. political and economic security for no discernible gain, given the impending extension of PNTR. It would reverse three decades of bipartisan China policy and would seriously weaken our influence not only in China, but throughout Asia and beyond. Renewal of NTR at this time, and ultimately the granting of PNTR, best advances the substantial and broad range of U.S. interests.

May 1, 2000
(Senate)

S. 2 - Educational Opportunities Act
(Sen. Jeffords (R) VT and 7 others)

The Administration opposes Senate passage of S. 2, which would reauthorize the Elementary and Secondary Education Act of 1965 (ESEA), as reported by the Committee on Health, Education, Labor, and Pensions. If S. 2 is presented to the President in its current form, he will veto the bill because it fails to continue the Federal obligation and commitment to support reform in our schools and real improvements in student performance, particularly among our neediest students and in our neediest communities. The Administration has a number of serious objections to S. 2. It would:

Weaken accountability. The bill fails to encourage each State to develop a single, rigorous accountability system for Title I and non-Title I schools. Moreover, the bill does not include the basic components of the President's Education Accountability initiative. Notably, it would: (1) not require school report cards; (2) fail to end social promotion and traditional retention practices; (3) not require all teachers to be certified and teaching in their field, or be in the process of becoming certified; (4) fail to establish sound, equitable discipline policies in every school; and (5) not guarantee resources targeted on the lowest performing schools to help States and localities turn them around or shut them down. The bill also would not extend the current ban on the possession or use of tobacco on school grounds to include alcohol and drugs.

Undermine the Federal effort to help communities reduce class size in the early grades. The bill fails to provide a separate, dedicated funding stream for that purpose that is targeted to high-poverty communities, consistent with the bipartisan agreement reflected in the Department of Education's appropriations acts for each of the past two years. Research has shown that students attending smaller classes in the early grades make more rapid educational progress, with the greatest benefits accruing to lower-achieving, minority, and poor children. The bill instead creates a block grant that fails to guarantee that any funding will be used for hiring new teachers to reduce class size.

Fail to recognize the importance of high-quality teaching. The bill does little to improve teacher quality, either through increased accountability or by ensuring that teachers meet high standards and have access to ongoing, high-quality professional development, mentoring, and coaching. In addition, schools should be held accountable for supporting high-quality instruction by publicly reporting on teacher quality indicators.

Undermine standards-based reform and the Title I program for disadvantaged children by allowing 10 States and 20 school districts to convert their Title I funds into portable student vouchers that could be used for private education services. The Administration's opposition to school vouchers is well known. Rather than improving and reforming public schools, vouchers drain attention and resources from the neediest public schools. By diverting funds into programs that are not accountable for results, vouchers would

fragment services and jeopardize the promising recent gains States, school districts, and schools have made through standards-based reforms.

Convert programs that address national priorities into unfocused block grants. The "Straight A's" proposals would allow States to consolidate funds designated for Title I activities, class-size reduction, professional development, technology programs, and other initiatives into a massive block grant with no meaningful accountability. Governors could use the money for any "educational purposes," including providing students with vouchers for private schools. Moreover, there is no assurance that funds will go to improve instruction, strengthen curriculum, reduce class size, provide after-school learning opportunities, or support other proven strategies for helping all students learn to high standards.

Fail to provide adequate assistance to communities facing the enormous burden of renovating aging schools. The President's Budget for FY 2001 proposes a $1.3 billion initiative to provide grants and loan subsidies for high-need districts to support the renovation of up to 5,000 schools. The bill should authorize this assistance.

Fail to target funds to school districts that are facing the greatest challenges and have the fewest local resources for meeting those challenges without Federal assistance. While targeting of funds to high-poverty districts has been a part of the Federal role ever since the initial passage of the ESEA in 1965, the current statute still does not concentrate resources sufficiently on those districts. Therefore, the President proposed amendments to tighten targeting in several of the major programs. S. 2 would, in many respects, be a significant step backwards.

Fail to provide adequate funding or focus for the 21st Century Community Learning Centers, which provide students with extended learning opportunities before and after school in safe and drug-free environments. S. 2 would authorize only half of the one billion dollars requested by the President for fiscal year 2001 for this important and widely supported program. It also would fail to provide a needed emphasis on after-school and other extended learning opportunities.

The Administration also has a number of other significant concerns with the bill, including the following:

Title I: Helping Disadvantaged Students Meet High Standards -- lack of requirements for certification of new Title I teachers; failure to increase minimum education levels of paraprofessionals; insufficient allocations for professional development and for program accountability; insufficient targeting of funds; and failure to allocate funds for needy children in Puerto Rico on the same basis as is used for the rest of the country.

Title II: Teacher Quality -- failure to award half of professional development funds competitively in order to promote high quality projects; insufficient emphasis on in-service professional development; abandonment of current emphasis on math and

science; failure to provide for programs of national interest, such as the President's proposed programs of Early Childhood Professional Development and recruitment of "home town" teachers; and an insufficient duration of support for the National Board for Professional Teaching Standards.

Title IV: Safe and Drug-Free Schools and Communities -- insufficient emphasis on promoting targeting to high-need districts and on ensuring accountability and effectiveness; a very cumbersome mechanism for the administration of national programs; failure to provide a separate authorization for Project SERV; and failure to include requirements for the referral of expelled students for evaluation and mental health services if needed, or for school districts to establish policies to provide expelled students with appropriate services to continue their education. The Administration opposes the provision of the bill that would deny attorney's fees to plaintiffs who demonstrate in court that certain on-campus memorials or memorial services violate the Establishment Clause of the First Amendment, because such a provision not only raises constitutional concerns as impermissible viewpoint discrimination, it would also undermine the important and long-standing national policy of encouraging private enforcement of our civil rights laws.

Title V-A (current Title III): Technology -- failure to: (1) target adequately the Technology Literacy Challenge Fund on high-need districts; (2) authorize separately, and at adequate levels, the current Community Technology Centers and Preparing Tomorrow's Teachers to Use Technology programs; and (3) encourage the development or use of innovative and emerging technologies.

Title VI, Part B: Rural Education Initiative -- substantially weakens accountability for small, rural school districts that would be eligible to consolidate funds.

Title VII, Part B: Foreign Language Assistance Program -- failure to improve the program by, for example, focusing it on the early grades, where research suggests that second languages are better and more quickly learned.

Title VIII: Impact Aid -- failure to target funds to school districts most genuinely burdened by the presence of Federally connected children and Federal property.

Title IX, Part A: Indian Education -- creation of an unnecessary and burdensome authority to allow grantees to consolidate resources from across Federal programs.

Pay-As-You-Go Scoring

S. 2 would increase direct spending and receipts; therefore, it is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. OMB estimates that the net pay-as-you-go effect would be zero.

May 22, 2000
(House)

S. 430 - Kake Tribal Corporation Land Exchange Act
(Young (R) AK)

The Administration has worked closely with the Congress and representatives of the Corporation, State, and village of Kake on S. 430 and could support the bill, as reported by the House Resources Committee, if it is amended to address a few remaining Administration concerns. These include transferring management responsibility for the conservation easement over the Kake village watershed to the non-federal Southeast Alaska Lands Trust. As reported, S. 430 would authorize the Kake Tribal Village Corporation in Alaska to exchange certain lands in the village of Kake, Alaska, for National Forest System (NFS) lands to provide watershed protection for the village. The State of Alaska would relinquish its existing selection rights to these NFS lands and there would be no net loss to the Tongass National Forest (TNF) land base.

The Administration would strongly oppose an amendment in the nature of a substitute that may be offered to S. 430, as reported by the Committee. This possible substitute amendment would require the Federal Government to give up additional subsurface estate to the Sealaska Native Regional Corporation without just compensation to the American people, and create complex management situations within the TNF by further dividing ownership of the surface and subsurface estate.

February 24, 2000
(Senate)

S. 1134 - Affordable Education Act
(Sen. Roth (R) Delaware)

If S. 1134 were presented to the President, the Secretaries of the Treasury and Education would recommend that he veto the bill. In 1998, the President vetoed legislation -- H.R. 2646, the "Education Savings and School Excellence Act of 1998" -- that included provisions similar to those contained in S. 1134. At that time, the President described the bill's modifications to Education IRAs as bad education policy and bad tax policy. S. 1134 is equally flawed.
Every American child deserves a high-quality elementary and secondary education. The President's FY 2001 Budget contains a series of education tax initiatives, including a College Opportunity tax cut to defray the cost of higher education for families, and tax-credit bonds to assist State and local governments in meeting the cost of financing construction, rehabilitation, or repair of public schools. S. 1134 fails to advance education reform and distracts from the need to invest in public schools, where the vast majority of our students learn. It does nothing to reduce class size, improve teacher quality, or help students meet high academic standards. In addition, the provisions to repair or modernize schools are woefully inadequate. Targeting limited Federal resources toward building stronger public schools will help ensure that all our Nation's children receive the education they need to become productive citizens. S. 1134 would divert needed resources away from public schools.

S. 1134 would disproportionately benefit the most affluent families and provide little benefit to lower- and middle-income families. Moreover, given the expansion of tax-preferred savings vehicles in the Taxpayer Relief Act of 1997, which the Administration supported, further increasing the contribution limits for Education IRAs is unlikely to provide significant additional incentives for families to increase their savings for educational purposes. Instead, S. 1134 would reward many families, particularly those with substantial incomes, for what they may already do.

S. 1134 would also create significant compliance problems. The bill permits tax-free withdrawals from Education IRAs for, among other things, tuition, fees, academic tutoring, special needs services, books, room and board, and supplies and equipment expenses incurred in connection with enrollment or attendance in public or private elementary or secondary schools. Distinguishing between withdrawals that should not be subject to tax and those that should will add significant record-keeping requirements for families and schools and will lead to frequent disputes about the use of the withdrawals for discretionary purchases.

S. 1134 would affect receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. Although last year's proposal was paid for with tax offsets, S. 1134 would likely reduce federal revenues because many of last year's offsets have been used to pay for other legislation. We are concerned that

piecemeal enactment of tax cuts such as S. 1134 outside of an overall fiscal framework will threaten to undermine debt reduction and impair our ability to address other important national priorities.

February 8, 2000
(Senate)

S. 1287 - Nuclear Waste Policy Amendments Act of 2000
(Murkowski (R) Alaska)

The Administration has reviewed a February 4, 2000, manager's amendment to S. 1287 and understands that this amendment will be brought to the Senate floor. Unfortunately, this amendment undermines EPA's existing statutory authority to set standards to protect public health and the environment from radioactive releases; therefore, it is unacceptable to the Administration. Although the amendment appears to allow EPA to exercise its existing authority to set appropriate radiation release standards for the Yucca Mountain repository, it will allow another entity to block EPA's authority until June 1, 2001. Consequently, if the February 4, 2000, manager's amendment to S. 1287 is approved by the Senate and a bill with these provisions is presented to the President, the President will veto the bill.

The bill also contains unrealistic and unworkable milestones; insufficient funding mechanisms to pay for both the Yucca Mountain scientific program and the "take title" provisions; and burdensome and unworkable transportation provisions that do not provide a commensurate improvement in safety.

May 16, 2000
(Senate)

S. 2521 - MILITARY CONSTRUCTION
APPROPRIATIONS BILL, FY 2001
(Sponsors: Stevens (R), Alaska; Burns (R), Montana)

This Statement of Administration Policy provides the Administration's views on S. 2521, the Military Construction Appropriations Bill, FY 2001, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The President has requested urgently needed emergency supplemental funding to fight against drug production and trafficking, to provide disaster assistance to victims of hurricanes and floods in the United States and abroad, and to sustain our military and civilian operations in Kosovo and the region, thereby protecting military readiness. Funding for UN peacekeeping and other stabilization measures in Kosovo is especially important to the eventual successful withdrawal of U.S. troops. The House passed emergency supplemental legislation addressing these urgent needs on March 30th. Regrettably, this legislation has moved slowly in the Senate and now appears to be bogged down by a number of controversial provisions. These include an amendment mandating troop withdrawals from Kosovo, a provision that would severely hinder the Federal Government's pending tobacco litigation, significant cuts to key international programs, as well as a number of anti-environmental riders. Moreover, the Senate has fragmented our consolidated request into separate bills, slowing the process dramatically and jeopardizing this urgently needed funding. Regrettably, the decision to link FY 2001 spending bills to FY 2000 supplementals is likely to delay further rather than expedite action. If a bill containing such provisions listed above were presented to the President, the President's senior advisers would recommend that he veto the bill.

The Administration strongly opposes the Byrd/Warner amendment on Kosovo. This provision would damage U.S. credibility overseas, undermine our position as the leader of NATO, and inflame the situation in Kosovo where the United States continues to have important national interests at stake. If the bill were passed with this language, the President's senior advisers would recommend that he veto the bill.

FY 2001 MILITARY CONSTRUCTION FUNDING

The Administration commends the Committee for reporting an FY 2001 bill that funds almost all of the Military Construction projects requested in the President's 2001 Budget. Especially noteworthy is the full funding of the requests for Chemical Demilitarization, Ballistic Missile Defense, and Base Realignment and Closure programs. However, the Administration is concerned that the overall funding level of the Committee bill would drain critical resources from other programs. The bill includes funding for 90 projects that were not requested, many of which are not even in the DoD five-year plan. The Administration believes that the President's budget request correctly addresses our most

important FY 2001 military construction and housing needs and that additional funding is not required.

Overall Funding Level and Unrequested Projects

The Administration questions the Committee's increase of $600 million to the funding level requested in the President's budget. Within this overall net increase, the Committee has funded about 90 construction projects that were not requested in the President's budget. Many of these projects are not funded in DoD's Future Years Defense Program (FYDP). The Department of Defense has a rigorous process for selecting projects to be included in the FYDP and the budget. This process takes into account safety, health, environmental, and military utility issues to determine the highest priority projects. Substituting projects not in the FYDP for those included in the FYDP undermines the careful prioritization approved by the military services. The Administration urges the Senate to delete funding added for unrequested projects, especially those not in the FYDP.

NATO Security Investment Program

The Committee bill reduces the request for the NATO Security Investment Program (NSIP) by $15 million. The Administration urges the Senate to provide the $190 million requested in the President's budget to support critical NATO operations fully. Moreover, the Administration objects to section 121 of the Committee bill, which would prohibit the use of NSIP funds or other funds provided in the bill for use in Partnership for Peace programs in the New Independent States of the former Soviet Union. While we believe this provision would have no practical effect in the short term, if this provision were to become a permanent fixture in future Military Construction Appropriations Acts, it could adversely affect future U.S. foreign policy initiatives as well as future NATO-led operations. The Administration urges the Senate to delete this restriction.

General Rescission of Unobligated Balances

Section 125 of the Committee bill is a general provision that would rescind $73.5 million in unobligated balances from DoD's major military construction and family housing accounts. These construction funds are generally available for obligation for five years. A certain level of unobligated balances is built into our budget estimates; therefore, reducing those funds through a rescission could adversely impact high-priority, authorized construction projects for chemical weapons demilitarization and medical, barracks, family housing, and operational facilities.

Energy Conservation Investment Program

The Committee has reduced the request for the Energy Conservation Investment Program (ECIP) in its entirety ($33.6 million), citing large unobligated balances in this program. This program has proven its worth by financing capital improvements that yield significant energy savings to the Department and help in the elimination of inefficient

and high-maintenance energy systems. Moreover, actual ECIP unobligated balances are much lower than those portrayed by the Committee and are likely to be exhausted by the end of the fiscal year. This is due to Congress' elimination of the FY 2000 ECIP budget request and proactive efforts by DoD to reduce unobligated balances by aggressively pursuing the execution of ECIP projects.

National Missile Defense

We commend the Committee for fully funding the Administration's National Missile Defense (NMD) request. However, we object to the general provision that would place an overly burdensome and broad reporting requirement on the NMD program by requiring the Ballistic Missile Defense Organization and all associated contractors to notify Congress 30 days prior to issuing any type of information or proposal solicitation under the National Missile Defense program.

FY 2000 SUPPLEMENTAL APPROPRIATIONS CONTAINED IN THIS BILL

As noted above, the Administration opposes the three-bill approach taken by the Senate regarding supplemental funding for critical domestic and foreign policy needs. Our specific concerns with these portions of the supplemental legislation attached to the Military Construction bill are described below. We want to work with the Congress to ensure that supplemental funding is enacted quickly and that urgent needs are met.

Kosovo

Byrd/Warner Amendment. The Administration opposes the inclusion of this language in the Military Construction Appropriations Bill. In recommending a veto, the Secretary of Defense stated in his May 11, 2000, letter to the Senate Appropriations Committee, "While strong messages from Congress on the importance of burden-sharing can be helpful, [he] strongly believe[s] the Kosovo language in the Supplemental is counterproductive to peace in Kosovo and will seriously jeopardize the relationship between the U.S. and our NATO allies." If a bill were passed including this language, the President's senior advisers would concur with Secretary Cohen and recommend that he veto the bill.

First, by making a deployment or withdrawal decision completely dependent on specific actions by other countries, the Senate Committee would effectively cede control over our foreign policy and troop deployments to foreign powers, independent of our national interests. The President, as Commander-in-Chief, should retain the flexibility to judge our progress on burdensharing and encourage good faith efforts; he should not have his hands tied by rigid, numeric targets. Second, by mandating a date-certain withdrawal, U.S. policy would be on auto-pilot, constricting our ability to react to or deal with changing situations on the ground. A sudden U.S. departure would undermine this mission and could lead to the unraveling of KFOR. It could damage the strength and durability of the NATO alliance. Finally, by passing this amendment, the United States would cast doubt

on its commitment to "go the distance" in Kosovo. The uncertainty about U.S. intentions could encourage extremist forces to take actions that could put U.S. forces at increased risk in the hopes of an early American departure.

Funding for International Programs. The Administration opposes the lack of funding in either this or the Foreign Operations bill for the requests relating to United Nations peacekeeping operations, the international civilian police force, the revitalization of the economy and civil society in Kosovo, the strengthening of democracies in the region, and the safety, security, and operational needs of Americans carrying out these programs. Failure to fund these elements of the multilateral effort to restore peace and democracy in the region can only prolong instability, endanger the hard-fought progress that has been made to date, and undermine the U.S. voice in civilian implementation. Continued delay in providing these funds will prevent our efforts to carry out the ongoing stabilization process in a region where national security interests are at stake. It will also undercut the positive momentum of the new Croatian Government and the opportunity to bolster Montenegro in the face of pressure from Serbian President Milosevic. As Defense Secretary Cohen also stated in his May 11, 2000, letter to the Senate Appropriations Committee, "The requested funds support essential civilian infrastructure that would facilitate a prudent exit strategy for Kosovo and achievement of long-term stability in the Balkans."

Reduction to Kosovo Military Operations Funding. The Administration opposes the Committee's reduction to the Overseas Contingency Operations Fund (OCOTF) relating to Army operation and maintenance expenses. Experience to date validates the Administration's original request for Kosovo. Therefore, a reduction of $200 million to the OCOTF for the Army would result in reductions elsewhere in the Army's FY 2000 program in order to fully fund its Kosovo costs. The Army would likely defer depot maintenance, implement supply constraint Army-wide, and defer civilian hires, resulting in reduced readiness. The Administration urges full funding of its Kosovo request.

Delay in Availability of Funding. The Administration greatly appreciates the Committee's efforts to appropriate contingency operations funding as close as possible to the time when it is needed. However, the proviso added to the Overseas Contingency Operations Transfer fund requiring submission of detailed OP-5 and OP-32 budget exhibits thirty days before these funds can be obligated would further delay the availability of this urgently needed funding. We urge the Senate to drop this provision.

Plan Colombia

The Administration commends the Committee's support for the governments of Colombia and other countries in the region in their fight against drug traffickers. However, the Administration has a number of concerns with the Committee's proposed treatment of funding for Plan Colombia.

Plan Colombia is a comprehensive approach to combating drug production in the region and requires the sustained effort delineated in the Administration's proposal. Under that proposal, funding was requested through both Defense and State Department accounts. The Committee splits this comprehensive approach by addressing needs in the Military Construction bill and the Foreign Operations appropriations bill. This bifurcation is not a sensible way to address an integrated plan.

Setting aside that basic issue, the Administration appreciates the Committee's consideration of the funding requests, particularly in the Military Construction bill for the construction of essential Forward Operating Locations in Ecuador, Curacao, and Aruba. However, we have serious concerns with several funding issues and problematic provisions in this and the Foreign Operations bill. These include the absence of FY 2001 funding in the Foreign Operations bill, the impact of the Byrd amendment, cumbersome reporting requirements, and the substitution of Huey II for Blackhawk helicopters, which would greatly hinder the implementation of the Plan.

In particular, the Administration strongly opposes the Byrd amendment limitations in the Foreign Operations bill on support for Plan Colombia. This provision would forbid the use of funds from being used to support Plan Colombia, absent a Presidential request and congressional approval. This language could halt all ongoing counter-drug programs, air traffic surveillance activities, routine military training, intelligence collection activities, basic human needs and development work, agricultural development, and U.S. Customs programs linked to the Andean region, including those funded from appropriations already enacted into law. This amendment also would place a restrictive cap on the number of personnel who can operate in Colombia, leaving too little flexibility to carry out essential training, development programs, and Plan oversight as needed.

The substitution of the 60 Huey II helicopters for the 30 Blackhawk helicopters is also objectionable. The Huey II helicopters are significantly less capable than Blackhawks, with slower speeds, smaller capacity, and less range. In addition, it would take twice as many Huey IIs as Blackhawks to fulfill the same mission, which means twice as many helicopter pilots would need to be trained, and twice the amount of infrastructure, such as hangar space, would be required.

Other Issues

Assistance to Vieques, Puerto Rico

We commend the Committee for providing the requested funding to implement the President's Directives on Vieques. The training facility at Vieques is important to sustaining the readiness of our Naval forces, yet we cannot ignore the concerns of the inhabitants of Vieques. The Administration's plan will help balance national security with the legitimate health, safety, and environmental concerns of residents of Vieques. We look forward to working with the Committee to ensure that the funding is spent effectively and efficiently in support of these goals.

Undersecretary for Nuclear Security

The Administration supports the provision of a three-year term for the first person to be appointed as Under Secretary for Nuclear Security at the Department of Energy. However, the Administration opposes section 2406(b), which purports to limit the ability of the President and Secretary of Energy to remove the Under Secretary. This provision would impermissibly undermine the responsibility that the Constitution places in the President to fulfill all defense-related responsibilities established by law, including assuring the reliability and security of the U.S. nuclear stockpile.

Government Information Technology Rescission

The Administration objects to the proposed rescission of funds for Federal Government information technology programs and activities. This provision, in combination with the larger rescission contained in the Committee version of the FY 2001 Agriculture/Rural Development appropriations bill, could force agencies to forestall or cancel important information technology investments. Given the strong emphasis on capital planning and investment control for information technology, the excellent progress agencies are making in this area consistent with the Clinger-Cohen Act, and the stringent review new and ongoing information technology projects receive in the budget process, it would be unwise to reduce the resources necessary to follow through with these efforts.

June 26, 2000
(Senate)

S. 2522 - FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS BILL, FY 2001
(Sponsors: Stevens (R), Alaska; McConnell (R), Kentucky)
This Statement of Administration Policy provides the Administration's views on S. 2522, the Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 2001, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The President has requested urgently needed supplemental funding to fight against drug production and trafficking in Colombia, to provide disaster assistance to victims of hurricanes and floods in the United States and abroad, to lift crippling debt burdens for the world's poorest countries, and to sustain our military and civilian operations in Kosovo and the region, thereby protecting military readiness. Funding for UN peacekeeping and other stabilization measures in Kosovo is especially important to the eventual successful withdrawal of U.S. troops. The House passed emergency supplemental legislation addressing some of these urgent needs on March 30th.

Regrettably, the President's supplemental request has moved slowly in the Senate and now appears to be bogged down by a number of controversial provisions. These include provisions that would severely hinder the Federal Government's pending tobacco litigation, significant cuts to key international programs, as well as a number of anti-environmental riders and other objectionable provisions. Moreover, the Senate has fragmented our consolidated request into separate bills, slowing the process dramatically and jeopardizing this urgently needed funding. If a bill containing such provisions listed above were presented to the President, the President's senior advisers would recommend that he veto the bill.

The President's FY 2001 Budget is based on a balanced approach that maintains fiscal discipline, eliminates the national debt, extends the solvency of Social Security and Medicare, provides for an appropriately sized tax cut, establishes a new voluntary Medicare prescription drug benefit, in the context of broader reforms, expands health care coverage to more families, and funds critical investments for our future. An essential element of this approach is ensuring adequate funding for discretionary programs. To this end, the President has proposed discretionary spending limits at levels that we believe are necessary to serve the American people.

Unfortunately, the FY 2001 congressional budget resolution provides inadequate resources for discretionary investments. We need realistic levels of funding for critical government functions that the American people expect their government to perform well, including education, national security, law enforcement, environmental protection, preservation of our global leadership, air safety, food safety, economic assistance for the less fortunate, research and technology, and the administration of Social Security and

Medicare. Based on the inadequate budget resolution, this bill fails to address critical needs of the American people.

The Administration appreciates efforts by the Committee to accommodate certain of the President's priorities within the 302(b) allocation. However, the inadequacy of the 302(b) allocations has forced the Committee to make choices that are simply unacceptable. As a result, the Committee bill is more than $1.7 billion, or more than 11 percent, below the program level requested by the President. A bill funded at this level would be grossly inadequate to maintain America's leadership around the world. It would inevitably require reductions from previously enacted levels for programs managed by the Departments of State and the Treasury, the Agency for International Development, and others, as well as preclude funding for important new Presidential initiatives. In addition, the bill does not provide urgently needed FY 2000 supplemental funding to provide debt relief to the world's poorest countries for which the President has proposed an offset.

Finally, the bill contains numerous objectionable provisions and a substantial number of earmarks that would seriously limit the President's ability to conduct an effective foreign policy. If the Congress were to enact a bill that does not provide the resources necessary to conduct an effective foreign policy and resolve the significant language problems in the current bill, the President's senior advisers would have no choice but to recommend that he veto the bill.

FY 2001 FOREIGN OPERATIONS LANGUAGE AND FUNDING

Language Issues

As noted above, the bill has numerous objectionable earmarks and language provisions. The following items are particularly objectionable.

Russia/Chechnya. The Administration shares the concern of the Committee over the Government of Russia's massive use of military force against civilians in Chechnya and continues to push for access for the Organization for Security and Cooperation in Europe (OSCE), the International Red Cross, and other observers to investigate possible abuses of human rights. However, the Committee's language cutting off all aid to the Government of Russia if progress is not made on this front would shut down threat reduction and infectious disease programs vital to U.S. national security interests. The Administration looks forward to working with the Congress to find a mutually acceptable way to ensure Russia's cooperation in this arena.

Kosovo Burdensharing. The Administration shares the Committee's goal of ensuring that our allies carry the lion's share of the burden of the costs of reconstruction and recovery in Kosovo. However, the Committee's formula making any U.S. obligations contingent on certification that U.S. contributions do not exceed 15 percent of total obligations and expenditures by all donors is problematic. This approach would cede U.S. sovereignty to foreign nations by handcuffing our contributions to their contributions and it would call U.S. credibility and commitments into question. We have been pressing our European

allies vigorously on moving rapidly on their pledges of assistance, and our allies have responded. Making our assistance contingent upon the actions of the international community, however, would hinder our ability to influence events on the ground. We need to move quickly to construct democratic institutions, revive the economy, and reestablish public security, reducing the burden on our troops and the rest of the Kosovo Force (KFOR).

Early Disbursement for Egypt. The Committee has not included language requested by the President to permit early disbursement of the planned FY 2001 Foreign Military Financing (FMF) outlays for Egypt. The proposed language responds to a House Appropriations Committee report, which calls on the Administration to develop mechanisms that will make our assistance to Egypt more flexible and effective, and a Senate resolution urging the Administration to provide Egypt access to an interest bearing account. The Administration developed a proposal that reflects concerns expressed by the Committee during last year's budget process and meets, we believe, the previously stated congressional objectives.

Constitutional concerns. Several provisions included in the Senate Committee bill, including sections 514, 565(b), and 584(b)(1), purport to direct the vote of United States representatives to international financial bodies. Section 565(g)(3) also purports to infringe upon the President's authority over diplomatic negotiations. These provisions raise serious constitutional concerns regarding the responsibility of the President to formulate the position of the United States in international fora. As such these provisions will be construed as precatory.

Section 576 "Kyoto Protocol," which purports to prohibit implementation of the Kyoto Protocol is unnecessary, as the Administration has no intention of implementing the Protocol prior to ratification. To the extent that these provisions could be read to prevent the United States from negotiating with foreign governments, it would be inconsistent with the President's Constitutional authority.

Section 6101(a)(2), provides that "[t]he Secretary of State shall consult with internationally recognized human rights organizations regarding the Government of Colombia's progress in meeting conditions" relating to human rights. In order to avoid constitutional concerns regarding the President's sole negotiating authority we would not read this provision to mandate such consultations to the extent that the President determines that such consultations would interfere with his diplomatic initiatives.

Finally, in order to avoid intrusion into the President's negotiation power and his ability to maintain the confidentiality of sensitive diplomatic negotiations, we would not interpret sections 567 or 6104(a) as requiring the President to disclose either the contents of diplomatic communication or specific plans for particular negotiations in the future.
Funding Issues

As noted above, the Committee bill does not provide sufficient funding for a range of programs.

International Debt Reduction. The Committee bill cuts the Administration's request of $262 million for debt reduction programs by $187 million, or 71 percent and, as discussed below, also does not fund the supplemental request. Funding at this low level would stall debt relief under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative. In particular, the lack of sufficient resources, and authorization, to provide a U.S. contribution to the HIPC Trust Fund would mean that there would be insufficient resources to provide debt relief to many of the poorest reforming countries in Latin America and Africa, in part because other bilateral donors will base their future contributions to the HIPC Trust Fund on a substantial U.S. contribution. This provision is especially troubling in light of the strong, bipartisan action earlier this year by the Senate Foreign Relations Committee to authorize the full Administration request. Funding at this level would also significantly limit the ability of the United States to encourage countries to invest in their tropical forests through innovative debt treatment mechanisms under the Tropical Forest Conservation Act (TFCA). Furthermore, it does not provide the advance appropriations requested for multilateral and bilateral debt relief in FY 2002 and FY 2003, respectively.

Nonproliferation, Anti-terrorism, Demining, and Related Programs . The Senate Committee bill cuts the Administration's request of $311.5 million by $96.5 million, or 31 percent. In particular, the Committee has cut $20 million from the $55 million request for the Korean Peninsula Energy Development Organization (KEDO), leaving insufficient funds to purchase necessary shipments of fuel oil, which we are required to provide under the 1995 Agreed Framework. The Committee's recommendation of $20 million for Science Centers in Russia, Ukraine, and Kazakhstan is $25 million, or 56 percent, below the Administration's request and $39 million less than the $59 million provided in FY 2000. This massive reduction would result in less support for scientists with expertise in weapons of mass production, thus increasing the risk they will work with rogue states. The Committee zeroes out the $38 million requested for a new anti-terrorism and security training center and imposes large reductions in Export Control Assistance, the Comprehensive Test Ban Treaty (CTBT) Preparatory Commission, the Terrorist Interdiction Program, and the important new small arms destruction program, all of which would severely hinder programs to help reduce the threat of proliferation and terrorism.

Peacekeeping Operations. The bill cuts the Administration's request of $134 million by $49 million, or 37 percent, which would seriously jeopardize our peacekeeping efforts around the world, forcing dramatic cuts to programs such as the U.S. component of the civilian police contingent in East Timor, support for regional peacekeeping initiatives in Africa, and our efforts to train African militaries for peacekeeping operations. Such a reduction would additionally leave us without the means to pay our fair share of Organization for Security and Cooperation in Europe (OSCE) mission assessment for elections and governance programs directly supporting the peace processes in Bosnia and Kosovo.

Multilateral Development Banks (MDBs). The bill cuts the Administration's request of $1.354 billion by $326 million, or 24 percent. This cut would result in an increase of $159 million, or 35 percent, in arrears -- to a total of over $600 million, continuing to reverse the progress made in the FY 1998 and FY 1999 appropriations towards meeting our past-due obligations to these institutions. The impact of lower funding and, in turn, additional arrears has implications for all the MDBs, and in some cases, threatens new operations in the near term. Of specific concern are the proposed cuts to the International Development Association (IDA) ($85.6 million, or 10 percent) and the Global Environment Facility (GEF) ($125.6 million, or 72 percent). These cuts, combined with significant reductions in overall MDB funding, would limit the institutions' ability to achieve U.S. priorities, such as well-targeted support for the poorest, and would undermine our ability to exercise leadership and leverage in these institutions.

International Narcotics Control and Law Enforcement. The bill cuts the Administration's request of $312 million by $92 million, or 29 percent, which would reduce this funding to pre-1999 levels. This would force the State Department to scale back many small programs, such as Caribbean counter-drug initiatives, that had been expanded in accord with congressional direction and funding increases. Taken together with the fact that the bill does not provide the requested $256 million in Plan Colombia funds for FY 2001, this funding cut could represent a large step backward in America's ability to stop drugs at their source. At this critical time, it is important for the United States to maintain its worldwide effort to reduce the plague of drugs on our society.

Assistance to the Independent States. The bill cuts the Administration's request of $830 million by $55 million, or seven percent. These funding reductions are exacerbated by earmarks that restrict the Administration's flexibility to respond to unforeseen needs. While many of the earmarks are for programs or levels that the Administration and the Committee both support, the combination of earmarks and lower-than-requested funding would hurt our ability to insure that scarce funds go where they will do the most good.

Economic Support Fund (ESF). The bill cuts the Administration's request of $2.313 billion by $93 million, or four percent. When combined with the Middle East and various other earmarks, this would result in a 22-percent cut to other crucial foreign policy programs, including Indonesia and Nigeria, two of the four countries that the Secretary of State has identified as key transition democracies. In addition, such a cut would have an adverse impact upon regional programs, particularly in Africa, and upon human rights and democracy programs worldwide.

U.S. Export-Import Bank. The bill cuts the Administration's request of $963 million for program resources by $195 million, or 20 percent, which would reduce the Export-Import Bank's ability to support U.S. exports by 17 percent ($2.6 billion) from the FY 2000 enacted level and by 20 percent ($3.2 billion) from the President's FY 2001 request. Lower export levels translate directly into lower employment opportunities for U.S. workers and lower revenues for U.S. companies. The requested level is necessary to help the Export-Import Bank pay for the higher cost of international lending caused by higher

risk levels resulting from the international financial crisis and represents only a modest increase over the Bank's capacity for FY 2000. The Committee's mark, therefore, represents a de facto reduction in the Bank's capacity to support U.S. exports when compared to the FY 2000 enacted level.

Peace Corps. The bill cuts the Administration's request of $275 million by $55 million, or 20 percent, which would force the Peace Corps to reduce the number of new volunteers by 1,250, effectively reducing the total number of incoming Peace Corps volunteers by 16 percent, to a level not seen since FY 1987. The Peace Corps would also likely be required to close up to 11 Peace Corps posts. A reduction of this magnitude is in stark contrast to the overwhelming bipartisan support shown for the Peace Corps program and would reverse progress toward the 10,000 volunteer level mandated by Congress.

U.S. Agency for International Development (USAID). The bill cuts the Administration's request for development assistance and health programs of $2.124 billion by $172 million, or eight percent. Although in the aggregate these programs are increased above the FY 2000 operating year budget level, the large number of directives and earmarks proposed by the Committee for the Development Assistance account, including $100 million in funding for the basic education program -- heretofore appropriated under the Child Survival and Disease Programs account -- would effectively cut other discretionary Development Assistance by almost 19 percent compared to the current year. A cut of this magnitude would severely restrict USAID's ability to support a variety of programs aimed at helping poor countries develop economically, cope with environmental degradation, and support fragile democracies. For example, at the Committee's funding level, it would be impossible to fully fund the Administration's requests for increased assistance to preserve biodiversity in tropical forests and to promote clean energy technology without cutting deeply into these other activities.

While the Administration appreciates the Committee's increase for international family planning funding to no less than $425 million, we urge the Senate to provide the full request of $541 million, including $484 million to be budgeted from AID's Development Assistance accounts and $57 million requested from other accounts.

The Committee's decision to increase funding significantly for tuberculosis and malaria, among other things, would result in a 29-percent decrease in funds for other child survival and infectious disease programs compared to the current year. Such reductions would restrict appropriate responses to needs in child survival, other infectious diseases, and development of effective health systems in recipient countries. Although the Administration appreciates the Committee's increase in global HIV/AIDS funding, to $225 million, we urge the Senate to provide the full request of $244 million, thereby demonstrating strong bipartisan support for the fight against this deadly disease.

The bill cuts the Administration's request of $520 million for USAID Operating Expenses by $10 million, or two percent. Since much of the Agency's operating costs are fixed, including the cost of replacing USAID's computerized operating system in FY 2001, the

proposed cut would force the Agency to delay planned replacement of financial and procurement system, and engage in yet another round of staff reductions.

Finally, the omission of transfer authority for USAID's Development Credit Program would impede the Agency's ability to mobilize local private capital for development purposes, including microenterprises in the countries in which it works. The proposed 50-percent cut in USAID's credit administrative expenses would likewise impede the Agency's ability to carry out newly implemented credit reforms and effectively oversee its current $14 billion portfolio and would be a further drain on USAID Operating Expenses.

Inter-American Foundation (IAF). The bill would terminate funding for an agency that has effectively promoted U.S. development interests by fostering self-help poverty reduction programs and democratic practice at the grassroots level in Latin America and the Caribbean. The IAF has successfully addressed its management issues and set in motion a system to vet all grants with American Embassies to prevent any unintended funding of groups with views antithetical to peaceful, market-oriented, democratic development.

International Organizations and Programs (IO&P). The bill cuts the Administration's request of $357 million by $16 million, or five percent. This would force sizable cuts of nearly 20 percent to unearmarked but important democracy and environmental programs such as the Organization of American States (OAS) Fund for Strengthening Democracy and Montreal Protocol Fund for the Protection of the Ozone Layer. The Administration appreciates the Committee's support for the Global Alliance for Vaccines Initiative (GAVI) (funded in the USAID Global Health account).

African Development Foundation (ADF). The bill cuts the Administration's request of $16 million by $1.6 million, or 10 percent. While the Administration appreciates the Committee's efforts to support the ADF, the Committee's funding level of $14.4 million falls short of the amount necessary for the ADF to implement new HIV/AIDS prevention strategies in all ADF projects and launch a major program in Nigeria.

Migration and Refugee Assistance (MRA). The bill cuts the Administration's request of $658 million by $43.2 million, or seven percent. This level would be insufficient to fund anticipated refugee admissions, humanitarian protection and assistance programs, and the administration of these programs at an acceptable level. In particular, this cut would have an adverse impact on the Up to Standards initiative, which is designed to bring refugee assistance programs in Africa up to a life sustaining level, and programs for Palestinian refugees administered by the United Nations Relief and Works Agency (UNRWA). The reduction would also have a severe impact on the refugee admissions program, requiring reductions of 5,000 to 10,000 admissions from the request level. We are also troubled by the congressional notification requirement for all U.S. contributions to the United Nations High Commissioner for Refugees (UNHCR), which could severely jeopardize the health and well-being of refugees and conflict victims by limiting our flexibility to respond to refugee situations in a timely manner.

Trade and Development Agency (TDA). The bill cuts the Administration's request of $54 million by $8 million, or 15 percent. The Administration believes that the full request would enable TDA to continue its support in developing export opportunities. In recent years, the growing demand worldwide for TDA assistance has stretched its existing resources to conduct its programs effectively.

Foreign Military Financing (FMF). The bill cuts the Administration's request of $3.538 billion by $19 million, or one percent. After taking into account funding levels for vital Middle East programs, the reduction is a 13-percent decrease in funding for the rest of the world. When combined with the Committee's $22 million in earmarks in the bill, this reduction would decrease our ability to strengthen capabilities and vital ties with the militaries of new NATO nations (Poland, Hungary, and the Czech Republic) and the nations of South-East Europe. This reduction would also jeopardize our support for the Philippines as they engage in efforts to ensure stability in the region, and hamper our efforts to support building the peacekeeping capabilities of African nations where peace is so fragile in so many places.

FY 2000 SUPPLEMENTAL APPROPRIATIONS CONTAINED IN THIS BILL

The Administration opposes the three-bill approach taken by the Senate regarding supplemental funding for critical domestic and foreign policy needs. Our specific concerns with these portions of the supplemental legislation attached to the Military Construction and Foreign Operations bills are described below. We want to work with the Congress to ensure that supplemental funding is enacted quickly and that urgent needs are met.

Kosovo and Southeast Europe

The Administration strongly opposes the lack of funding for any of the requests relating to vital U.S. interests in the Balkan region including: $107 million requested for critical United Nations (UN) peacekeeping operations ($91 million for Kosovo, $16 million for East Timor); $195 million in SEED funds, of which $93 million would contribute to stabilizing Kosovo; and, $285 million for the security and operational needs of Americans carrying out these programs. The $35 million in requested funding for the Foreign Military Financing Program and the International Military Education and Training, both of which were supported by the House supplemental, will enhance our efforts and ability to assist military reform and reorientation in important nations in the Baltic region and southern Europe.

Failure to provide this funding would sabotage U.S. efforts to gain greater burden sharing by our European allies on economic reconstruction, and put at risk the eventual, successful withdrawal of more than 10,000 U.S. troops. SEED programs constitute the major component of our "exit strategy." Not to provide these funds would be penny-wise and pound-foolish and would undercut our leverage in the multilateral effort to restore peace and democracy in the region. It would also prevent our efforts to carry out the ongoing stabilization process and endanger hard-won progress that has been made to date. Furthermore, continued delay in providing peacekeeping funds would only cause us

to accumulate new arrears to the UN and undercut our efforts to reform the UN and reduce our assessment rates.

Heavily Indebted Poor Countries (HIPC) Debt Forgiveness Initiative

The bill fails to provide any of the fully offset $210 million supplemental that the President has requested for a contribution to the HIPC Trust Fund, which helps to finance multilateral participation in the Initiative. Without a significant U.S. contribution to the Trust Fund in FY 2000, other donors are unlikely to make additional contributions, and countries that would otherwise be eligible for HIPC debt reduction in FY 2000 will not receive it. In particular, the lack of a U.S. contribution is likely to prevent Bolivia and other eligible Latin American countries from receiving HIPC debt treatment. We urge the Senate in the strongest terms to reconsider its decision not to help reform-minded developing countries focus their internal resources on health, education, and other social sector investments that will reduce poverty for millions of the world's poorest people.

Plan Colombia

The Administration commends the Committee's support for the governments of Colombia and other countries in the region in their fight against drug traffickers and would oppose efforts to reduce this funding. However, the Administration has a number of concerns with the Committee's proposed treatment of funding for Plan Colombia.

Plan Colombia is a comprehensive approach to combating drug production in the region and requires the sustained effort delineated in the Administration's proposal. Under that proposal, funding was requested through both Defense and State Department accounts. The Committee splits this comprehensive approach by addressing needs in the Military Construction bill and the Foreign Operations appropriations bill. This bifurcation is not a sensible way to address an integrated plan.

Setting aside that basic issue, the Administration appreciates the Committee's consideration of the funding requests, particularly in the Military Construction bill for the construction of essential Forward Operating Locations in Ecuador, Curacao, and Aruba. However, we have serious concerns with several funding issues and problematic provisions in both the Military Construction bill and the Foreign Operations bill. The problematic provisions in the Foreign Operations bill include the absence of FY 2001 funding, restrictions on Colombia funding, many cumbersome reporting requirements, and the substitution of Huey II for Blackhawk helicopters, which would greatly hinder the implementation of the Plan.

In particular, the Administration strongly opposes the limitations in the Foreign Operations bill on support for Plan Colombia. This provision, which would forbid the use of funds not appropriated in the FY 2001 Military Construction or Foreign Operations appropriations bills from being used to support Plan Colombia, absent a Presidential request and congressional approval, is very onerous. This language could halt all ongoing counter-drug programs, air traffic surveillance activities, routine military training,

intelligence collection activities, basic human needs and development work, agricultural development, and U.S. Customs programs linked to the Andean region, including those funded from appropriations already enacted into law. This amendment also places an extremely restrictive cap on the number of personnel who can operate in Colombia, leaving far too little flexibility to carry out essential training, development programs, and Plan Colombia oversight as needed.

The substitution of the 60 Huey II helicopters for the 30 Blackhawk helicopters is also objectionable. The Huey II helicopters are significantly less capable than Blackhawks, with slower speeds, smaller capacity, and less range. In addition, it would take twice as many Huey IIs as Blackhawks to fulfill the same mission, which means twice as many helicopter pilots would need to be trained, and twice the amount of infrastructure, such as hangar space, would be required.

Mozambique Relief and Reconstruction

The Administration has requested $200 million in emergency funding for Mozambique and the region. The Foreign Operations bill provides $25 million, which is utterly inadequate to meet the massive reconstruction needs in Mozambique and other affected countries. We urge the Senate to provide the additional emergency supplemental resources to help Mozambique and the other countries of the region continue their democratic and economic progress.

July 18, 2000
(Senate)

S. 2536 - AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 2001
(Sponsor: Stevens (R) AK)
This Statement of Administration Policy provides the Administration's views on the FY 2001 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The President's FY 2001 Budget is based on a balanced approach that maintains fiscal discipline, eliminates the national debt, extends the solvency of Social Security and Medicare, provides for an appropriately sized tax cut, establishes a new voluntary Medicare prescription drug benefit in the context of broader reforms, expands health care coverage to more families, and funds critical investments for our future. An essential element of this approach is ensuring adequate funding for discretionary programs. To this end, the President has proposed discretionary spending limits at levels that we believe are necessary to serve the American people.

Unfortunately, the FY 2001 congressional budget resolution provides inadequate resources for discretionary investments. We need realistic levels of funding for critical government functions that the American people expect their government to perform well, including education, national security, law enforcement, environmental protection, preservation of our global leadership, air safety, food safety, economic assistance for the less fortunate, research and technology, and the administration of Social Security and Medicare. Based on the inadequate budget resolution, this bill fails to address critical needs of the American people.

The bill includes inadequate funding for food safety, conservation and environmental programs, farm loans, bioterrorism, agricultural research through competitive grants and other important programs. In addition, there are a number of objectionable language provisions in the Committee bill.

It is our understanding that a substitute will be offered to the supplemental title of the bill that will include a number of highly objectionable environmental and other riders, including a provision to facilitate construction of the Oregon Inlet jetties prior to completion of a pending environmental impact statement, restrictions that would attempt to weaken pending hardrock mining regulations, and other objectionable provisions. The Administration opposes the bill in its current form. If such riders are included in the bill, the President's senior advisers would recommend that he veto the bill.

Food Safety

While the Administration appreciates the Committee's support for the President's Food Safety Initiative, we strongly urge the Senate to fully fund the Administration's request for the initiative and base funding. In particular, we appreciate the full increase included in the bill for the Department of Agriculture (USDA), but object to language prohibiting the Food Safety and Inspection Service (FSIS) from conducting egg shell surveillance, an important part of the Egg Safety Action Plan. In addition, we strongly urge the Senate to make up the $6 million shortfall in FDA's portion of the initiative and enable the FDA to achieve annual inspection of 100 percent of high-risk food establishments. Salmonella illness from contaminated eggs and egg products continues to be a significant health problem, especially for the elderly, our Nation's youth, and those with compromised immune systems. The Administration strongly urges the Congress to move forward aggressively to address this problem by supporting the President's Food Safety Initiative and Egg Safety Action Plan.

To maintain the food safety gains we have achieved to date, however, also requires full funding of the base budget for food safety, and the Administration is concerned about the Committee bill in this regard. In particular, the bill is $10 million below the request for FSIS of $688 million. The bill's funding level is inadequate to cover the minimum salary and benefit increases required to maintain the requested level of inspection staffing and the expansion of the risk-based Hazard Analysis-Critical Control Points (HACCP) inspection model. The bill would, therefore, not provide sufficient resources to fund all FSIS activities important to the safety of the Nation's meat and poultry supply.

Further, a recent court decision involving the Service's test of new slaughter procedures, called the HACCP Inspection Models Project (HIMP), may further add to the significant funding difficulties for FSIS in FY 2001. The U.S. Court of Appeals ruled on June 30 that FSIS' application of the HIMP system violates the Federal Meat Inspection Act and the Poultry Inspection Act. This new inspection system, if successfully implemented, would provide increased food safety checks as well as additional flexibility in staffing slaughter plants and increased industry production within base resources. If a revised court ruling or legislation is not forthcoming that would permit the new system to go forward, FSIS will require additional resources above the Senate Committee funding level. These additional resources would be necessary to staff slaughter assignments adequately under the current, traditional system that would have been staffed by redeployed inspectors from HIMP plants, and to cover the projected six-percent growth in poultry production in FY 2001.

The Administration is still analyzing the full impact of the Appeals Court decision and will provide additional information to the Congress as soon as it is available. In order to fully fund FSIS food safety activities, and to release resources needed for priority programs as discussed elsewhere in this letter, we urge the Congress to enact the Administration's proposed meat and poultry inspection user fees, which would cost consumers less than one cent per pound of inspected meat.

FDA Prescription Drug Enforcement Provisions

The House has passed two amendments that change the FDA's authority related to prescription drugs brought into the United States from other countries. The inadequacy of access to affordable prescription drugs in this country has left many Americans with no other option other than to go abroad to obtain affordable medications. This situation is unacceptable and we should take steps to address it by passing an optional Medicare prescription drug benefit for older Americans and eligible people with disabilities. However, the House-passed amendments go too far by severely limiting FDA oversight of prescription drugs imported by wholesalers and other large companies. This could result in seniors purchasing drugs that are counterfeit, mislabeled, or otherwise adulterated. We urge the Senate not to adopt provisions that strip FDA of important tools to help ensure patient safety, but will continue to work with Congress on ways to both make prescriptions affordable and ensure public health and safety.

Conservation and Environmental Programs

The Administration strongly opposes a number of the Committee bill's reductions to important conservation and environmental programs administered by the Natural Resources Conservation Service (NRCS). The bill provides $33 million less than the President's request for the NRCS Conservation Operations program, reducing the technical assistance available to landowners for activities such as animal waste management, highly erodible land conservation, and soil carbon sequestration. This reduction would slow efforts to improve farmers' and ranchers' stewardship capabilities at a time when they face increasing pressure at the Federal, State, and local level to reduce polluted run-off from their land.

The Committee bill provides less than half of the $28 million requested increase for the Climate Change initiative and does not fund the Climate Change Technology Initiative. U.S. agriculture has a large stake in climate change, both in terms of helping to mitigate against global warming and in understanding the potential impacts of climate change on the sector. The requested funds are vital to understanding these issues. We urge the Senate to provide the requested increase for this important initiative.

The Administration strongly objects to the Committee's reduction in authorized mandatory funding for the Environmental Quality Incentives Program (EQIP) to $174 million. This represents a cut of $26 million from current law, which would result in 2,900 fewer farmers and ranchers receiving financial and technical assistance, and is $151 million below the President's request for EQIP. This program is vitally important to help farmers and ranchers improve their agricultural operations while benefitting all Americans through cleaner water and air. It is also a vital component of the Clean Water Action Plan and, when coupled with the Committee's funding only $20 million of the $48 million requested in discretionary funds for the Plan, would severely impede progress on cleaning up our Nation's waters. We urge the Senate to eliminate the EQIP reduction and fully fund the request for the Clean Water Action Plan.

The Administration is concerned that the Committee has not adopted the President's proposal to provide subsidized loans to State and local governments to rehabilitate dams

built with NRCS assistance. These loans, which are included in the House bill, will safeguard the Federal investment as well as protect local citizens and property from flooding. The Administration urges the Senate to adopt the loan proposal in lieu of earmarking Emergency Watershed Protection Program (EWP) funds for dam rehabilitation, enabling EWP funds to be used for natural disaster recovery, as intended.

Bioterrorism

We urge the Senate to fund the requested $11.5 million for the FDA and $41 million for USDA activities to counter bioterrorism. Among other needs, FDA requires these funds to ensure that the Department of Defense can obtain an adequate, safe, and effective supply of the current anthrax vaccine. FDA must also work with private and government researchers on efforts to develop and approve next-generation vaccines and pharmaceuticals for smallpox, anthrax, tularaemia, Q-fever, and other infectious diseases to help ensure our Nation's readiness for threats involving weapons of mass destruction. USDA funds would increase research on plants and animals, and construct higher-level biological containment facilities, to improve the ability of the U.S. to prepare for and respond to acts of biological terrorism.

Farm Loans

The Administration objects to the bill's funding farm loans at $1.5 billion below the President's request. The cut would result in 2,500 fewer farmers receiving farm ownership loans and 8,000 fewer receiving farm operating loans. Given the continuing financial difficulties in the Nation's agricultural sector, many more farmers are being rejected by their regular lenders for these type of loans, and producers are turning to USDA as the "lender of last resort" to stay in farming. This is not the time to reduce assistance to American farm families, and we urge the Senate to restore farm loan authority to the Administration's request level.

Outreach for Socially-Disadvantaged Farmers

The Committee bill provides $3 million for the Outreach for Socially-Disadvantaged Farmers program, $7 million less than the request and more than $5 million below the FY 2000 level. This reduction would severely disrupt the important services being provided to minority farmers. This program has aided over 9,000 borrowers, improving USDA default rates in areas where the program operates. It has also helped over 100,000 families and has proven to be effective in mitigating the decline in the number of minority farmers by increasing their participation in agricultural programs, assisting them in marketing and production, and improving the profitability of their farming operations. Reducing program resources at this critical juncture, when USDA has begun improving its civil rights record, would stymie progress USDA is making to further minority farmers' equal opportunity. We urge the Committee to restore funding to the requested level.

Rural Development Programs

The Administration appreciates the funding increases provided for the Mississippi Delta Region and for Native Americans through the Rural Community Advancement Program (RCAP). However, we are concerned by the $14 million reduction for RCAP in the bill, which could deprive 240,000 rural residents of access to safe, affordable drinking water if applied to water and wastewater loans and grants. In addition, the bill cuts rural housing loans by over $800 million, or 15 percent, from the request, which would prevent over 9,000 very-low to moderate-income rural residents from receiving the opportunity to live in decent, safe, affordable housing. Funding for the Intermediary Relending Program would also be reduced by $26 million, or 41 percent, from the requested level, resulting in an estimated 20,000 fewer jobs created or preserved.

We urge the Senate to restore funding for these programs to the level requested by the President, as well as to fund the $5 million request to finance emergency weather radio transmitters in rural areas. These increases could be offset by reducing electric and telephone loans that have been provided in the bill at $1.1 billion above the requested level. In addition, we recommend the Senate adopt the two-percent guarantee fee proposed for single-family rural housing guaranteed loans.

International Programs and Trade Sanctions

The President believes that commercial exports of food and other human necessities should not be used as a tool of foreign policy except under the most compelling circumstances. On April 28, 1999, the Administration announced that the United States would exempt commercial sales of agricultural commodities and products for humanitarian purposes, as well as medicine and medicinal equipment, from future unilateral Executive Branch economic sanctions regimes -- unless the President determines that our national interest requires otherwise. The President has extended this policy to existing sanctions on a case-by-case basis. The Administration would support codification of our current policy in legislation and views favorably certain legislative proposals in this spirit, such as S. 566, The Agriculture Trade Freedom Act, authored by Senator Lugar. However, the Administration strongly objects to the specific provisions of Title IV of the bill as currently drafted because they would seriously limit the President's ability to implement foreign policy and would have grave implications for our nonproliferation, counter-terrorism, and counter-narcotics initiatives.

Tobacco

In light of the Supreme Court's conclusion that the Food and Drug Administration (FDA) does not have the authority under current law to continue its efforts to reduce underage use of tobacco products, the President has called on the Congress to enact legislation to provide FDA with the authority to protect our nation's children. As the Supreme Court noted, tobacco is "perhaps the single most significant threat to public health in the United States." The Administration strongly encourages the Senate to include the $39 million in the President's request to support the proposed legislation, making it clear to the American people that Congress plans to protect our nation's children.

Plant Pests and Diseases

The Administration places a high priority on fighting plant pests and diseases, especially when they are invasive species that may be eradicated before becoming an established threat. To combat sudden outbreaks of invasive species, the Administration has used emergency transfers through the Commodity Credit Corporation (CCC) at a level that is much higher than the two previous Administrations combined, and we continue to support the use of CCC funds in cases of unforeseen emergencies. However, where eradication efforts extend over several seasons, costs are predictable and should be incorporated into the discretionary appropriations process. Therefore, to address ongoing plant pest and disease outbreaks, the Administration has proposed substantial appropriations in the FY 2001 Budget. The Committee bill has not provided these appropriations, therefore requiring a greater increase in emergency spending from CCC for activities that can no longer be considered unforeseen.

The issue of proper compensation to producers for losses due to invasive plant pests and diseases has grown more complex recently as the variety and complexity of outbreaks have increased. Legislative and administrative actions to provide compensation for invasive species losses would be better guided by a policy that distinguishes between compensation as part of infestations rather than through event-specific supplemental provisions. The Administration believes there should be a more systematic approach to making these decisions and has recently sent to Congress a set of recommendations that it hopes can be used as a framework for discussion with Congress on this issue.

Internet Drug Sales and Adverse Event Reporting

The Administration is concerned that the Committee has not funded FDA's $16 million request for Adverse Event Reporting Systems to reduce deaths from medical errors. A recent National Academy of Sciences report concluded that up to 98,000 Americans die needlessly each year, and that improving adverse event reporting and evaluation is essential to reducing these avoidable deaths. The Administration urges the Senate to include this funding, as well as the $10 million requested for FDA's initiative to protect Americans -- especially the elderly -- from illicit and fraudulent Internet drug sales. Without FDA's presence in this new and burgeoning market, there can be no guarantees that pharmaceuticals purchased on-line are safe and effective.

Ft. Reno, Oklahoma, Research Facility

The bill includes an objectionable rider that would prohibit the Secretary of Agriculture under the Federal Property and Administrative Services Act of 1949, as amended, from transferring certain Agricultural Research Service (ARS) lands in Oklahoma without congressional authorization. This provision would unnecessarily restrict the transfer of these lands for higher-priority purposes (including to the Interior Department to be held in trust for an Indian tribe), should the Secretary of Agriculture determine the lands are in excess of ARS needs. The report of the Department's Strategic Planning Task Force on

USDA research facilities is still pending, and this provision would unduly limit USDA's flexibility in implementing the Task Force's recommendations.

Agricultural Research and Education Programs

The Committee bill would severely reduce high-priority agricultural research that is needed to improve farm productivity and benefit all Americans. Funding for competitive grants through the National Research Initiative would be cut by $29 million, or 19 percent, from the request. Furthermore, only a small portion of the $98 million in requested increases for priority research through the Agricultural Research Service would be funded, while the bill includes over $100 million for hundreds of unrequested, lower-priority research projects. The Administration appreciates the needed increases provided for grants to Native American, Hispanic Education, and capacity building programs, but we urge funding of other requested increases for high-priority agricultural research and higher education programs.

Biobased Products and Bioenergy

The Administration objects to the bill's under-funding of programs that advance the use of biobased products made from agricultural commodities. The bill includes only $2.3 million of the $36 million increase requested for these purposes. Increased investment in the development of biobased products and bioenergy will help to strengthen farm income, create new jobs in rural communities, broaden opportunities for rural businesses, enhance U.S. energy security by providing alternatives to foreign oil sources, and reduce air pollution and greenhouse gas emissions. Expansion of bioproducts, including biofuels, is an essential part of improving the farm safety net and diversifying the rural economy, and we urge increased funding for these purposes.

Special Supplemental Nutrition Program for Women, Infants, and Children

The Administration is concerned that the small increase provided by the Committee would not allow the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) to provide supplemental food packages, nutrition education, and health care referrals to all women, infants, and children who are eligible to participate in the program.

Community Food Security

The Administration objects to the Committee bill's provision that limits the Department's ability to carry out Community Food Security activities administered by faith-based organizations and other nonprofit groups. We also note that the Committee bill does not provide the $5.25 million requested to help such groups build their infrastructure to provide assistance to local governments and organizations to address food insecurity faced by low-income families.

Common Computing Environment

The Committee bill provides only $25 million of the requested $75 million for USDA's common computing environment initiative. Congress and the Administration agree that in the area of information technology, USDA needs to break down its stove-piped systems and implement a common system that takes advantage of efficiencies and new internet capabilities. The Administration has asked for funding to meet this common objective, which has consistently been funded at levels far below the amount requested. Without the requested funding, the common computing environment will continue to suffer delays, increasing the total costs since legacy systems must be maintained until the new system is operational. In addition, USDA will be unable to implement the requirements of the Freedom to E-File legislation that Congress has passed, reducing and delaying customer benefits. Without a common information technology staff to support the shared system, the investment made to date to improve customer service will be lost.

In addition, Section 734 of the bill would block USDA from implementing a common information technology support staff to service the entire county-based field organization. This provision would require the over 6,000 county offices of the FSA, NRCS, and RD mission areas to maintain separate and redundant administrative support units for information technology, accounting, and personnel services. This provision maintains the "stove-piped" culture of the separate agencies and would result in increased costs and inefficiencies.

Food Quality Protection Act

The Administration appreciates the Committee's support and increased funding for Pesticide Use Surveys and the Pesticide Data Program. Several other program increases, as requested in the President's budget, are essential for carrying out the Department's responsibilities under the 1996 Food Quality Protection Act (FQPA). Adequate funding is needed for the Office of Pest Management Policy (OPMP) within the Agricultural Research Service. OPMP is the focal point for the Department's FQPA implementation activities, and adequate staffing is essential to ensure a coordinated response and grower involvement in the decision process. Second, a key activity in FQPA implementation is the focused research to assist growers in the development and implementation of alternative safer pest management practices and strategies. Three Cooperative State Research, Education, and Extension Service (CSREES) grant programs -- the Pest management Alternatives program, the Crops at Risk Program, and the Risk Avoidance and Mitigation Program -- are designed to help develop such alternatives to ease the burden on growers faced with the potential loss of older chemicals during FQPA-driven transitions. The Administration strongly urges the Senate to fully fund these programs at the requested levels.

Agricultural Biotechnology

Agricultural biotechnology holds major promise for improving the productivity and environmental sustainability of food and fiber production. As part of the Administration's biotechnology initiative, USDA, working with farmers and industry, will facilitate the

standardization of methods to differentiate between biotech and conventional commodities and develop a quality assurance program to provide quality and value information the market needs to market grains and related products effectively and fairly. The Administration urges the Senate to fully fund the proposal as requested in the budget for methods development activities in the Grain Inspection, Packers, and Stockyards Administration, including funding to establish and operate a biotech reference laboratory.

Language/Other Issues

USDA Headquarters Modernization. The Administration strongly supports the bill's continued funding for the renovation now in progress of USDA's downtown D.C. headquarters building. A ten-year renovation plan was approved by Congress in 1995 for the sixty-year-old building to address health and safety problems. The building will house 6,800 employees, and USDA is solely responsible for its repair and maintenance. Since the renovation project was approved by Congress in 1995, only 15 percent of the total planned cost has been appropriated, and no funding was provided in FY 2000. The Administration strongly urges the Senate to retain this funding level, as continued delays will leave the renovation progress only partially complete, resulting in higher long-term costs for the needed renovation and continued exposure of USDA employees to health and safety risks.

Partnership for Change -- Colonias Initiative. The Administration is disappointed that the bill does not provide funding for an intergovernmental partnership led by the Food and Nutrition Service that would increase use of already authorized assistance programs, such as nutrition and housing assistance, by impoverished citizens of border areas known as Colonias.

Concentration in the Livestock Sector. The Administration has made a strong commitment to address the problems of concentration and anti-competitive behavior in the livestock sector and objects to the insufficient funding in the bill for these purposes. The Committee bill does not provide any of the $3.7 million increase requested to address this problem through the Grain Inspection, Packers, and Stockyards Administration. The bill's funding level would not allow USDA to develop the modeling and analytic capability necessary to identify anti-competitive actions by livestock companies, ensure that time-sensitive, priority cases are investigated promptly, and establish the swine contract library required by last year's mandatory price reporting legislation. These activities are crucial to ensuring more effectively that family farmers have a level playing field in which to market their livestock.

National Sheep Industry Improvement Center (NSIIC). The Administration urges the Senate to fund the requested $5 million for the NSIIC. The NSIIC provided $5 million in FY 2000 to USDA's Agricultural Marketing Service for market promotion activities as part of USDA's efforts to help U.S. lamb growers adjust to competition from foreign

imports. NSIIC agreed to provide this help following the President's Section 201 safeguard relief decision, and the replenishment of the Center's capital would benefit the broader sheep industry.

Food and Nutrition Service Research. The Administration is concerned that the Committee has not provided funds to the Food and Nutrition Service (FNS) for research and evaluation and objects to any provision of the bill that would prohibit the use of FNS funds for these activities. These funds are essential so that FNS can effectively and promptly address program integrity and performance issues facing nutrition assistance programs as well as continue critical updates of basic program information.

Infringement on Executive Authority. The Administration objects to a number of provisions in the bill that would require congressional approval before Executive Branch execution. The Administration will interpret these provisions to require only notification of Congress, since any other interpretation would contradict the Supreme Court ruling in INS v. Chadha.

Section 719. The Act provides that no funds appropriated or otherwise made available to the Department of Agriculture may be used "to transmit or otherwise make available to any non-Department of Agriculture employee questions or responses to questions that are a result of information requested for the appropriations hearing process." This provision could impede communications within the Executive Branch to a degree that would undercut the President's ability to exercise his constitutional responsibilities as the Nation's Chief Executive Officer to enforce the laws. Accordingly, this section is constitutionally objectionable.

Recommendations Clause. Section 730 of the bill provides that no funds appropriated or otherwise made available to the Department of Agriculture may be used to pay the salaries of personnel who prepare or submit appropriations language as part of the President's budget submission that "assumes revenues or reflects a reduction...due to user fees proposals...". Under the Recommendations Clause, Congress can neither require, nor prohibit, the President from making particular legislative or policy recommendations to Congress. Therefore, this section is constitutionally objectionable because it would undermine the President's ability to fulfill his constitutional duties under the Recommendations Clause.

FY 2000 SUPPLEMENTAL APPROPRIATIONS CONTAINED IN THIS BILL

Objectionable Legislative Riders

The Administration opposes the environmental and other authorization provisions contained in the bill, which are inappropriate for inclusion in an appropriations act. Such

riders rarely receive the level of congressional and public review required of authorization language, and they often override existing environmental protections or impose unjustified micro-management restrictions on agency activities.

More detailed views will be provided when the text of the substitute is made available. Therefore, the views expressed here are necessarily preliminary.

Oregon Inlet (NC) Jetties. The Administration strongly opposes the provision to remove lands from the Cape Hatteras National Seashore and the Pea Island National Wildlife Refuge, prior to completion of a pending environmental impact statement (EIS) on proposals to maintain navigation through Oregon Inlet, N.C. This rider would undermine the EIS process by selecting one option -- the construction of a dual jetty and sand transfer system -- before a decision on alternatives can be made. There remain significant questions about the long-term environmental impacts and the economic justifications of the dual jetty option, and those questions need to be answered before considering any legislation to remove land from a national park and a national wildlife refuge.

Restrictions on Hardrock Mining Regulations. The Administration strongly objects to the bill's attempt to weaken pending final regulations on the management of hardrock mining on public lands. These overdue regulations are needed to address the major changes in technology and mining industry practices since the regulations were last updated in 1980. The proposed rider would also attempt to re-open an agreement reached in negotiations on the FY 2000 Interior and Related Agencies Appropriations bill to allow the final rule to go forward, as long as it was "not inconsistent" with the recommendations of a recent National Research Council (NRC) report. The rider would now attempt to limit the rule to only a specific subset of the NRC report's recommendations. By doing so, the rider could hinder the effective regulation of industry practices (such as large-scale cyanide leaching for gold on public lands) that have become increasingly prevalent over the past 20 years.

Community Builders, Sec. 2602. The Administration urges deletion of the highly objectionable, micro-management language in Section 2602, which would prohibit the Department of Housing and Urban Development from hiring replacement staff for 350 community builder positions. Because HUD is well along in this hiring process and expects to complete it by the end of May, this language would effectively block civil servants from being promoted to these positions and extinguish the hopes of the thousands of external applicants who have applied to fill these positions. HUD has downsized its staff substantially in recent years, but it cannot operate effectively with 350 fewer positions -- nearly a 3 percent staff reduction -- or without the increased customer service that the community builders provide. The community builder issue was addressed during last year's appropriation process; those agreements should not be undone by cutting these critical employees.

Homeless Assistance Grants. The Administration opposes making amounts under Homeless Assistance Grants available first to renew all expiring rental assistance contracts under the Supportive Housing and Shelter Plus Care programs. The provision as drafted is unworkable, would adversely impact the competition for homeless funds, would interfere with local decision-making, and would result in unwarranted

June 22, 2000
(Senate)

S. 2553 - DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 2001
(Sponsors: Stevens (R), Alaska; Specter (R), Pennsylvania)
This Statement of Administration Policy provides the Administration's views on the Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 2001, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The President's FY 2001 Budget is based on a balanced approach that maintains fiscal discipline, eliminates the national debt, extends the solvency of Social Security and Medicare, provides for an appropriately sized tax cut, establishes a new voluntary Medicare prescription drug benefit in the context of broader reforms, expands health care coverage to more families, and funds critical investments for our future. An essential element of this approach is ensuring adequate funding for discretionary programs. To this end, the President has proposed new discretionary spending limits at levels that we believe are necessary to serve the American people.

Unfortunately, the FY 2001 congressional budget resolution provides inadequate resources for discretionary investments. We need realistic levels of funding for critical government functions that the American people expect their government to perform well, including education, national security, law enforcement, environmental protection, preservation of our global leadership, air safety, food safety, economic assistance for the less fortunate, research and technology, and the administration of Social Security and Medicare. Based on the inadequate budget resolution, this bill fails to address critical needs of the American people. While the Senate bill contains higher funding levels for a number of important programs compared to the House bill, the Administration has very serious concerns, discussed below, with the Committee bill. If the bill presented to the President does not address these issues, the President would veto the bill.

The Administration understands that an amendment may be offered to prohibit the Occupational Safety and Health Administration (OSHA) from finalizing its standard to protect the Nation's workers from ergonomic injuries. The Administration strongly opposes any such amendment. Each year approximately 1.8 million American workers suffer musculoskeletal disorders, one-third of which are serious enough to require time away from work. OSHA estimates that its proposed standard would reduce the rate of MSDs by 26 percent over a ten-year period. After more than 10 years of experience with ergonomic guidelines, exhaustive scientific study, five months of public comment and public hearings on the proposed regulations, and millions of unnecessary injuries, it is time to move forward to finalize this standard.

Department of Education

The Senate bill fails to provide adequate funding to help strengthen accountability and turn around failing schools, reduce class size, improve after-school and summer-school opportunities, increase school safety, renovate aging and neglected schools, improve teacher quality, and prepare students for college. The most significant problems with the bill include the following:

Class Size. The Senate Committee bill does not guarantee funding to hire 100,000 new teachers by FY 2005 to reduce class sizes to a nationwide average of 18 in the primary grades. The bill effectively repeals the bipartisan agreement on class size reduction, jeopardizing the Federal commitment to hire as many as 20,000 new teachers next year and to continue support for the 29,000 teachers already hired. As many as 2.9 million children could be denied the benefits of smaller classes.

Urgent School Renovation. The Senate Committee bill provides no dedicated funding to provide $1.3 billion in loan subsidies and grants to repair 5,000 aging and neglected public schools buildings, including $50 million for public schools with high concentrations of Native American students.

Accountability. The Senate Committee bill provides no funding for the Title I Accountability Fund that helps States and districts turn around low-performing schools and ensure that no student is trapped in a failing school. As a result, nearly 6,000 low-performing schools would not receive extra assistance to improve student achievement. In addition, the bill provides no funds for the proposed Reward and Recognition program that supports rewards to States that show significant gains in student achievement and narrow the achievement gap between high- and low- performing students.

21st Century Community Learning Centers. The Senate Committee bill cuts the $1 billion request by $400 million, denying funding for over 3,000 centers, which would provide after- and summer-school programs to over one million children. Extended learning time is an essential strategy to help all students master challenging academic material and reach high standards. The request would support 10,000 after-school and summer-school centers serving 2.5 million children.

Teacher Quality. The Senate bill fails to provide adequate funding for the proposed $1 billion Teaching to High Standards teacher quality programs. The request includes $690 million, $255 million more than the Senate bill, for States and school districts to provide teacher professional development. Also included in the Teaching to High Standards programs is $310 million for teacher quality and recruitment initiatives of national significance such as Hometown Teachers and Transition to Teaching to help recruit teachers to high-need communities, Early Childhood Educator Professional Development, the School Leadership Initiative, and other teacher quality incentive programs. The Senate bill does not provide any funding for these programs. The Senate

bill also fails to provide the $10 million increase for Special Education State Improvement and to support professional development related to the needs of children with disabilities.

Helping Schools Create Smaller and Safer Learning Environments. The Senate Committee bill provides inadequate funding for programs that create better and safer school learning environments. For Safe and Drug-Free Schools, the Senate provides no funding for Project SERV, which would provide emergency assistance to schools affected by serious violence and other crises, and inadequate funding for National Programs such as Safe Schools/Healthy Students, which develops comprehensive community-wide violence prevention strategies. For Small, Safe, and Successful High Schools, the bill fails to provide the $120 million requested, denying as many as 700 high schools support to establish or expand smaller learning communities of no more than 600 students. Research shows that when students are a part of a small and more intimate learning community, they are more successful both academically and socially.

Comprehensive School Reform Demonstrations. The Senate Committee bill fails to provide the $240 million requested to help schools implement comprehensive school reform programs that are based on reliable research and effective practices. This includes $150 million in Title I and $50 million under the Fund for the Improvement of Education. As a result, support for nearly 700 schools currently receiving funds would be discontinued, and 1,900 new schools would not receive support for research-based school reforms.

Educational Technology and the Digital Divide. The Senate Committee bill would hamper efforts to bridge the digital divide and provide technology training to teachers. The budget requests $150 million to train over 250,000 teachers in the use of technology. The Senate bill would eliminate training for about 40,000 teachers. The President's budget also provides funding for 1,000 Community Technology Centers. The Senate bill would not fund over 300 of these centers, denying access to computers and technology, particularly educational technology, to thousands of adults and children residing in economically distressed, high-poverty areas. Finally, the bill does not provide funding to expand cutting edge technologies to improve education through the Next Generation Technology Innovation program.

Opportunities to Improve our Nation's Schools (OPTIONS). The Senate Committee bill provides no funding for the $20 million OPTIONS initiative to support innovative public school choice programs such as worksite schools and inter-district choice programs. The bill would deny 40 States and districts support to develop and implement new models for enhancing public school choice.

GEAR UP. The Senate Committee bill provides a $25 million increase in funding for GEAR UP, $100 million below the request. The FY 2001 Budget would provide $325 million for GEAR UP to support early intervention and college preparation services for approximately 1.4 million low-income students. The Senate bill would deny these services to more than 400,000 students.

Dual Degree Program. The Senate Committee provides no funding for Dual Degree Programs for Minority-Serving Institutions, the initiative to increase academic opportunities for students at minority-serving institutions. The Senate bill would deny up to 3,000 students the chance to earn two degrees in five years and enter professions in which minorities are under represented.

Hispanic Education Action Plan. The Senate Committee bill fails to increase the Federal investment in essential components of the Hispanic Education Action Plan. For instance, the Senate bill does not provide the $75 million requested for Adult Education English as a Second Language civics. The Committee level would deny 250,000 immigrants and limited English proficient (LEP) adults the literacy and civics skills necessary to become successful participants in American society. The Senate bill also provides $17 million less than the budget for Bilingual Education. This shortfall would prevent 1,200 additional new or certified teachers from receiving training and skills they need to teach LEP students.

Research and Statistics. The Senate Committee bill fails to support increases for education research, including the budget's requested $30 million increase for Education Research and the $16 million increase for Statistics. Now, more than ever, teachers, parents, and policymakers are demanding education reforms that are based on proven educational research. The Department of Education's research investments and data collection activities are vital to producing an up-to-date knowledge base for improving student performance.

America's Tests. The Senate Committee bill provides no funds for America's Tests, which would help principals, teachers, and parents assess how well students are doing compared to challenging academic standards in reading and math. The tests would help communities improve their schools and help parents hold their schools accountable for raising student achievement.

Departmental Management. The Senate Committee does not provide sufficient increases in administrative funding for the Department of Education, including the Office for Civil Rights. These funds are necessary to ensure proper oversight and management of Federal education programs.

Department of Health and Human Services

The Senate bill shortchanges critical health and social services programs by cutting requested funding for domestic and global HIV/AIDS prevention and treatment, the Social Services Block Grant, mental health and substance abuse services, family planning, health care access for the uninsured, and training for health professionals in children's hospitals. The Administration is concerned about the following cuts to key health and social services programs:

Social Services Block Grant (SSBG). The Administration is deeply concerned that the Senate Committee cuts the SSBG by $1.175 billion, or two-thirds, below the current level. A cut of this magnitude would guarantee reductions in essential social services at the State and local level, and threaten the care and safety of foster children, child abuse victims, the elderly, and the disabled. State and local programs already make do with $1.0 billion less in SSBG funding than they received in 1995.

Tobacco Litigation. The Senate Committee bill does not include requested HHS funding to support the Department of Justice's tobacco litigation efforts. The costs of preventing and treating tobacco-related disease exceed $50 billion per year, and the Department of Health and Human Services pays a substantial portion of these costs. The tobacco litigation is in full accord with the HHS mission and is vital to efforts to improve the health of all Americans. We strongly urge the Senate to assist in the Federal government's efforts to recover health care costs incurred as a result of tobacco-related illnesses.

Family Caregivers. The Senate Committee fails to provide the budget request of $125 million to support caregiver activities for 250,000 families who care for elderly relatives with chronic illness or disabilities. These funds would provide older persons with quality respite care and other support services necessary for them to remain independent in their homes and communities. Support for caregiver activities is a critical component of the long-term care initiative.

Advance Appropriations. The Senate Committee fails to follow past practice of appropriating advance funds for Low Income Home Energy Assistance Program (LIHEAP) and child care. The advance appropriation for LIHEAP is needed so that States can commit funds early in the fiscal year to meet winter home heating needs. For child care, the uncertainty of funding levels for FY 2002 undermines efforts by States and child care providers to invest the additional funds provided in FY 2001 in a way that will lead to long-term improvements in the quality, accessibility, and affordability of child care.

Ryan White HIV/AIDS Treatment. The bill would reduce requested funding by $70 million. This funding would enhance medical services, including pharmaceuticals, for

people living with HIV/AIDS currently served by Ryan White funds, and provide access to services for people living with HIV/AIDS who are not receiving care. Ryan White currently serves approximately 500,000 people living with HIV/AIDS, nearly two-thirds of the individuals living with HIV/AIDS in the U.S.

Health Care Access. The Committee bill underfunds the Community Access Program, which would improve health care access for many Americans. The full request of $125 million for the Health Care Access for the Uninsured Initiative would enable the development of integrated systems of care and better coordinate health services for the uninsured and underinsured.

Family Planning. The Committee bill does not include the full $35 million increase requested for Family Planning services. This increase would provide family planning services to an additional 500,000 clients who neither are Medicaid eligible nor have health insurance.

Health Professions Training. The Committee bill reduces funding by $67 million for health professions training from the President's budget. At this level, it may not be possible to fund Children's Hospital Graduate Medical Education (GME) at the requested level of $80 million. These funds are necessary to support medical education programs at the Nation's free-standing children's hospitals, which receive a very small share of Medicare GME dollars.

Ricky Ray Hemophilia Relief Fund. The bill does not provide requested funding for Ricky Ray. The Administration urges the Senate to fund the full FY 2001 request and to act on the Administration's supplemental request for FY 2000. These funds would provide relief payments of $100,000 to hemophiliacs who contracted HIV/AIDS, and their families.

Centers for Disease Control and Prevention (CDC). The Committee bill reduces CDC's funding by $78 million below the request for many critical public health programs, including domestic and global HIV prevention, infectious diseases, and race and health demonstrations. This funding level could impair CDC's ability to reduce the number of new HIV infections, hamper efforts to improve surveillance for infectious diseases, and slow CDC's ability to understand better and address racial disparities in health.

Mental Health Services. The Committee bill reduces funding for mental health services by $69 million from the requested level. This includes a $50 million reduction to the Mental Health Block Grant that could hamper the ability of States to support comprehensive community systems of care for adults with severe mental illness and

children with serious emotional disturbances. The bill also ignores the $30 million request for new Targeted Capacity Expansion grants, which fund early intervention and prevention, as well as local service capacity expansion.

Substance Abuse Prevention and Treatment. The Committee reduces total funding for substance abuse services by $23 million from the requested level. Funding for Targeted Capacity Expansion grants is reduced by $44 million from this request. This would reduce our ability to provide a rapid, strategic response to emerging substance abuse trends, and would result in a reduction in prevention and treatment services for those struggling with substance abuse.

Bioterrorism. The Administration urges the Senate to provide the President's request of $265 million for the Department of Health and Human Services to counter threats posed by terrorism and the use of biological and chemical weapons of mass destruction. Adversaries are expected to rely increasingly on these unconventional stategies to offset U.S. military superiority. These funds requested would improve our ability to defend against and manage the consequences of an attack.

Health Care Financing Administration (HCFA) Program Management. The Senate Committee bill funds HCFA at $2.1 billion, which is $50 million below the FY 2000 enacted level and $203 million below the FY 2001 request of $2.3 billion. This reduction would threaten the Administration's efforts to ensure the quality and safety of nursing homes by forcing States to scale back or eliminate facility inspections and complaint investigations, and eliminate the Administration's efforts to tighten oversight of Medicare's contractors as directed by recent General Accounting Office and Office of the Inspector General reports. Additionally, the Senate has provided only $15 to $19 million of the President's request of $150 million in Medicare+Choice user fees, which would be used to educate beneficiaries, enabling them to make informed health decisions.

State Children's Health Insurance Program (SCHIP). The Administration is concerned about the proposed funding shift in SCHIP. SCHIP was enacted on a bipartisan basis in 1997 to cover millions of uninsured children. The shift included in the bill has the potential to disrupt State funding and efforts to reach eligible, low-income uninsured children. The Administration opposes using unspent SCHIP funds for any other purpose.

Office of the Secretary. The Committee bill also fails to fully fund the Secretary's management and policy oversight activities, as well as such programmatic activities as health informatics. The Senate bill also underfunds efforts to address the threat posed by bioterrorism.

Abortion. The Administration urges the Senate to strike sections 508 and 509 of the Committee bill, which would prohibit the use of funds for abortion. The President believes that abortion should be safe, legal, and rare. These provisions would continue to limit the range of conditions under which a woman's health would permit access to abortion services. Furthermore, section 509 requires a physician to make a legal determination that these conditions have been met. The Administration proposes to work with the Congress to address the issue of abortion funding.

Medicare Competitive Pricing Demo Project. The Senate bill includes language that would prevent funds from being used to administer the Medicare+Choice Competitive Pricing Demonstration Project. This demonstration was passed by Congress as part of the Balanced Budget Act in order to provide valuable information regarding the use of competitive pricing methodologies in Medicare managed care. The information that could be learned from this demonstration is particularly relevant as the important task of Medicare reform is being considered. The Administration urges the Senate to remove this provision and to allow HCFA to implement the demonstration.

Department of Labor

The Senate Committee bill would cut the Labor Department by $920 million, or seven percent, from the request. This level would provide inadequate funding for initiatives to support dislocated workers with training and re-employment services and to assist at-risk youth develop the skills needed for 21st century jobs. The bill also underfunds efforts to help low-income fathers work, support their families and stay off welfare, and to improve educational alternatives to abusive child labor abroad. The Administration appreciates the Senate Committee's decision to fully fund worker safety and health programs, to establish the new Office of Disability Policy, and to fully fund the international core labor standards and Global AIDS in the Workplace initiatives. The Administration also appreciates the Senate Committee's inclusion of language to extend the availability of the Welfare-to-Work grants funds for an additional two years to allow grantees to take advantage of the program eligibility improvements enacted in the FY 2000 Appropriations Act.

The Administration's most significant concerns with the bill as reported by the Senate Committee include the following:

Dislocated Workers. The Senate Committee cuts the Administration's request for Dislocated Worker assistance by $181 million, or 10 percent. This level would deny training, job search, and re-employment services to over 100,000 dislocated workers.

Re-employment Services. The Senate Committee bill provides only half of the $50 million requested. At this level, over 111,000 unemployment insurance claimants would be denied the customized re-employment services needed to speed their reentry into the workforce.

One-Stop Career Center/America's Labor Market Information System . The Senate Committee bill ignores the President's proposal for an FY 2001 $44 million enhancement designed to improve access to One-Stop services for millions of Americans. This initiative would fund improvements in America's Job Bank, mobile vans for one-stop access to rural areas, a toll-free telephone number for the workforce investment system, and improvements in basic labor market information.

Fathers Win/Families Win Initiative. The Senate Committee bill does not provide any funding for the President's Fathers Work/Families Win initiative, for which the Administration has requested $255 million. Building on the partnerships developed under Welfare-to-Work, this important initiative would help approximately 80,000 low-income fathers and working families get the support and skills necessary to support their families and avoid welfare.

Youth Job Training. Funding for the Youth Opportunity Grants program falls $125 million short of the President's request and would deny 27,000 youth in high-poverty communities access to vital education, training, and employment assistance and eliminate the proposed expansion of the program to 12 to 15 new communities. In addition, funding for the Youth Activities program, which includes Summer Jobs, is cut by $21 million, which would eliminate almost 13,000 low income youth from the program. Further, the Senate bill denies $29 million in proposed Job Corps enhancements thereby inadequately funding cost increases in that program.

Youth Violence. The Senate bill partially funds two initiatives aimed at reducing youth violence. It provides $20 million of the $40 million requested to enable the Department of Labor to join the interagency Safe Schools/Healthy Students Initiative. The bill funds $30 million of the $75 million initiative to bring young offenders into the workplace through job training and related services.

Homeless Veterans. The Senate Committee bill's $2.5 million reduction to the request for job assistance to homeless veterans would result in 1,400 fewer homeless veterans obtaining meaningful employment and economic security.

Unemployment Insurance (UI) Administration. The Senate Committee has adopted the President's proposal to restructure UI administrative funding to bring it in line with modern service delivery systems but has provided $76 million less than necessary to administer the UI benefit entitlement program, even under continuing favorable economic conditions.

International Child Labor Activities. While the Senate Committee bill fully funds the proposed expansion of International Labor Organization's International Program for the Elimination of Child Labor, it only funds $15 million of the requested $55 million for the President's new initiative to improve access to basic education in developing countries. This initiative is part of a comprehensive plan aimed at making global abolition of the worst forms of child labor a reality.

Other Worker Protection Initiatives. The Administration appreciates the Committee's full funding of worker safety and health programs but is concerned that funding for other worker protection programs falls short of what is needed to address serious compliance problems in low-wage industries, including the garment and agriculture industries, and to expand public education on pension and health care plans. Funding for these important activities is reduced by $18 million below the Administration's request.

Information Technology. The Committee bill provides slightly more than half of the requested $54 million for the Department's information technology initiative. This initiative would address information security, infrastructure and web development, and office automation needs in a more efficient and comprehensive manner, thereby enhancing the Department's ability to implement its responsibilities and expand its Internet capacity to serve employers and the public better.

National Economic Indicators. The Senate Committee bill reduces the request by $7 million, which would prevent improvements to some of the most sensitive and important economic data collected by the Bureau of Labor Statistics. These improvements include expanding price, output, and productivity measures for the service sector, improving State and local employment and unemployment data, and surveying how Americans spend their time in work and non-work activities, including child and elder care.

Social Security Administration

At the Senate Committee funding level, the Social Security Administration would not be able to hire thousands of direct service employees, resulting in longer wait times for individuals filing retirement and disability claims, and diminished service for individuals who call the agency's 1-800 phone service.

July 24, 2000
(Senate)

S. 2900 - TREASURY AND GENERAL GOVERNMENT APPROPRIATIONS BILL, FY 2001
(Sponsors: Stevens (R), Alaska; Campbell (R), Colorado)
This Statement of Administration Policy provides the Administration's views on the Treasury and General Government Appropriations Bill, FY 2001, as reported by the Senate Committee. Your consideration of the Administration's views would be appreciated.

The President's FY 2001 Budget is based on a balanced approach that maintains fiscal discipline, eliminates the national debt, extends the solvency of Social Security and Medicare, provides for an appropriately sized tax cut, establishes a new voluntary Medicare prescription drug benefit in the context of broader reforms, expands health care coverage to more families, and funds critical investments for our future. An essential element of this approach is ensuring adequate funding for discretionary programs. To this end, the President has proposed discretionary spending limits at levels that we believe are necessary to serve the American people.

Unfortunately, the FY 2001 congressional budget resolution provides inadequate resources for discretionary investments. We need realistic levels of funding for critical government functions that the American people expect their government to perform well, including education, national security, law enforcement, environmental protection, preservation of our global leadership, air safety, food safety, economic assistance for the less fortunate, research and technology, and the administration of Social Security and Medicare. Based on the inadequate budget resolution, the Committee bill does not address critical needs of the American people. In addition, the Committee bill includes several objectionable provisions.

Across the appropriations bills, there is a pattern of underfunding core government operations such as air traffic operations, park maintenance, and the administration of Social Security and Medicare. The Committee bill continues this pattern by underfunding the Internal Revenue Service, counterterrorism programs, firearms enforcement programs, an important anti-drug program, and necessary construction and repair of Federal facilities. If the bill were presented to the President in its current form, his senior advisers would recommend that he veto it.

The attachment provides a discussion of our specific concerns with the Committee bill. We look forward to working with the Senate to address our mutual concerns.

Attachment

Attachment

TREASURY AND GENERAL GOVERNMENT
APPROPRIATIONS BILL, FY 2001
(As Reported by the Senate Committee)
Department of the Treasury

The Administration is very concerned with the large reductions in the Committee bill for key priorities of the Department of the Treasury. The bill provides $940 million less than the President's request for Treasury's programs, which would significantly reduce funding for vital programs in the IRS, counterterrorism, firearms enforcement, Customs, and other activities. Specific funding issues include:

Internal Revenue Service. The Administration strongly objects to the deeply inadequate funding level provided for the IRS and urges the Committee to fully fund the President's budget request. The Senate Committee mark provides $8.5 billion for the IRS, $409 million (4.6 percent) below the President's request. The mark would halt many of our current efforts to modernize the IRS and to improve both customer service and compliance. In 1998, an overwhelming, bipartisan majority of the Congress passed the IRS Reform and Restructuring Act (RRA) and joined the Administration in calling for changes that would improve service to taxpayers and enhance the ability of the IRS to administer our Nation's tax system in a fair and efficient manner. The Committee mark would make it impossible to implement many of the critical improvements contemplated under the RRA. Instead, the mark would require the IRS to reduce its current staffing by up to 500 full-time employees. It would eliminate numerous customer service initiatives and reduce audit rates to an unacceptably low 0.26 percent. We urge the Senate to restore the funding necessary to carry through on the bipartisan commitment to improve the ability of the IRS to serve its customers and administer the tax code in a fair and efficient manner.

Counterterrorism. The Administration appreciates the inclusion of $55 million for Treasury's Counterterrorism Fund but is deeply concerned that the Committee has not provided the other $47 million in initiatives sought in the recent counterterrorism budget amendment. These funds would enhance Treasury's work to deter and detect terrorist activity and continue the high level of effort undertaken during the Millennium celebration events. Because of its unique financial investigative capabilities and role in border control, Treasury is a critical component of the enhanced Government-wide effort to combat terrorism. What we learned during the Millennium New Year period concerns many of us. There is consensus that the threat of domestic terrorist attack has increased significantly and that we need to increase our efforts to protect against it. The Administration is very concerned that the Committee has failed to address this heightened threat.

United States Secret Service. The Administration strongly urges the Senate to restore the $46.2 million reduction to the President's request for the Secret Service. This reduction, among other things, would eliminate funding for increased staffing to address workforce retention and workload balancing of the Service's agents, who perform critical protective and investigative missions. In addition, the Committee has not provided vital funding to support the Service's expanded responsibilities associated with Presidential Decision Directive-62 on National Special Security Events. For example, the Committee has not funded $3.5 million for the Service's protective air security program and has not provided $2.4 million for overtime and travel associated with protecting the President as well as Vice President and the President-elect and Vice President-elect.

BATF Firearms Enforcement. The Administration is very concerned that the Committee has provided only $75.6 million of the $94.0 million requested for gun enforcement initiatives. The $18.4 million cut would reduce the number of new cities that participate in the Youth Crime Gun Interdiction Initiative (YCGII) by 50 percent (from 12 to 6), underfund the Administration's request for new ATF agents, and hinder our efforts to build towards comprehensive crime gun tracing by State and local law enforcement. The proposed level would also threaten BATF's ability to deploy the estimated 147 ballistic imaging systems to State and local law enforcement in a timely manner. Gun violence is a complex issue that requires a comprehensive approach. The expansion of YCGII and the deployment of ballistic imaging systems to State and local law enforcement are essential in the effort to identify the most violent predators plaguing our communities and the gun traffickers that supply firearms to them.

United States Customs Service. We urge the Senate to provide the full $210 million needed to fully fund the first year development of the Automated Commercial Environment (ACE). To provide this funding, we urge the Senate to consider the fee proposed in the President's budget. The Customs Service must meet the demands of an increasing volume of trade, expected to double by 2005. The Customs Service can accomplish this task, vital to the success of American business operations, only by converting to a paperless process and an account-based system, such as ACE.

While we appreciate the Committee's recognition of the importance of Customs work to combat international child labor by funding a $2.5 million increase, we urge the Congress to fully fund the requested $5 million increase in order to enforce the ban on the importation of goods made with forced or indentured child labor, denying such products access to the lucrative U.S. marketplace.

We are concerned about additional reductions that would impair Customs programs to improve mission training for its officers, address integrity problems that have been of

concern to Congress and the American public, and assure the safety of aircraft operated by Customs employees. We urge the Senate to restore the full President's request. Interagency Crime and Drug Enforcement. The Committee's reduction of $12.5 million below the request would affect IRS' ability to participate fully in the Organized Crime and Drug Enforcement Task Forces (OCDETF) program. These funds will allow IRS to continue current efforts toward the war on drugs where its unique financial investigative expertise allows tracing of funds and financial transactions.

First Accounts. While the Administration is pleased that the Committee has provided $0.4 million for the President's First Accounts initiative, we urge the Committee to provide the full $30.0 million requested. The First Accounts initiative would expand access to mainstream financial services for millions of "unbanked" Americans families who lack this basic passport to the modern American economy. Access to bank accounts, ATMs, and consumer education can help to reduce costs for low-income families, and can also help families to manage household finances and plan and save for the future. Failure to fully fund this bipartisan initiative would result in millions of families being denied access to the financial services mainstream.

Federal Public Key Infrastructure. The Committee bill does not allocate the requested $7.0 million to fund the full-scale development and implementation of a Federal Public Key Infrastructure, which is critical to providing a secure environment for electronic government. We urge the Senate to provide funding for this important initiative in the Administration's request.

Money Laundering. While the Administration is pleased that the Committee has provided $6.5 million in funding to the Financial Crimes Enforcement Network and the Customs Service for implementation of the Money Laundering Strategy, we urge the Senate to provide the full $15.0 million requested for the Money Laundering Strategy. The fight against money laundering is critical. Counter-money laundering efforts allow us to pursue those who commit the underlying crimes that produce dirty money -- whether drug dealing, fraud, corruption, or other forms of organized crime.

Treasury Building and Annex Repair and Restoration (TBARR). The Treasury Department is in the midst of a major renovation and restoration effort of its main Treasury building facilities. The reduction of $8.3 million to the request would stretch out this important effort and significantly add to the overall cost to complete the project. We urge the Congress to fully fund this request.

National Youth Anti-Drug Media Campaign

The Administration strongly objects to the proposed reduction in funding for the National Youth Anti-Drug Media Campaign. To reduce the Campaign's funding by almost one-

half would imperil the positive momentum the program has demonstrated just when the Campaign is beginning to take hold. The proposed reduction, coupled with increased advertising costs of almost 40 percent in the past two years, would significantly undercut our ability to meet our goal of reaching 90 percent of the youth audience with a Campaign message four times a week, every week. Cuts of the magnitude proposed also would require cancellation or major reduction of many of the Campaign's integrated communications programs.

The Campaign needs five years of adequate and consistent funding to reach its goal of educating America's youth and enabling them to reject illicit drugs. Not only would the Campaign lose the message recognition and cumulative audience impact it has built, but the interruption in sustained level messaging would make less effective much of the more than $500 million the Congress has invested in this Campaign thus far.

General Services Administration

The Administration is disappointed by the Committee's funding levels for key priorities of the General Services Administration (GSA). The Committee bill provides $853 million less than the President's request for GSA's programs, which would reduce construction and other program activities. Specific funding issues include:

Construction and Repair and Alteration Funding. Although advance appropriations have been provided for select courthouse and other construction projects, the Committee bill fails to fund in FY 2001 any new design or construction, including courthouses, the FDA, NOAA, and ATF headquarters, and several border stations. In addition, the Committee bill does not provide $30 million for additional window protection as recommended by the Department of Justice's "Vulnerability Assessment of Federal Buildings." The Administration is concerned that delaying these projects not only would leave unaddressed important safety, security, and health concerns but also would increase costs in the future. The Administration strongly urges the Senate to provide funds for these needed projects.

Policy and Operations. The Committee bill cuts funding for the GSA Policy and Operations account by $22 million below the request. While the bill provides $10.0 million for critical infrastructure protection programs, it does not provide funding for some new initiatives, such as the requested $3.3 million for protection and maintenance at the Lorton Correctional Complex and $2.0 million for the RISC/OIRA Consolidated Information System. We urge the Senate to provide funding for these important initiatives.

National Health Museum. The Administration is concerned about section 639, which would transfer a Federal building at 2nd and C Streets, S.W., in Washington, D.C. to the National Health Museum. The Administration supports the establishment of a National Health Museum and recognizes the potential value of locating that Museum along the

Mall. Although this provision requires the National Health Museum to pay fair market value for the property, it does not require the Museum to compensate taxpayers for the other substantial costs that such a transfer would entail. The Administration encourages the Congress to address this issue either here or in the context of H.R. 3171, the "National Health Museum Site Selection Act."

National Archives and Records Administration

While the Committee bill is $94 million below the request, and would delay the Archives I renovation, the Administration appreciates the Committee's action to provide $88 million in advance appropriations for the project. However, the bill still does not provide funding for essential repairs needed to the Kennedy Library due to severe water damage.

Office of Personnel Management

The Administration strongly objects to the Committee's failure to provide the full request for the Office of Personnel Management. Specific funding issues include:

Federal Cyber Services (FCS) Initiative. The President's overall critical infrastructure protection initiative is essential to ensuring that the Federal Government is protected from acts of cyber-terrorism and can maintain its information security infrastructure with a highly trained and competent workforce. FCS is a key element to ensure that adequate numbers of people are recruited, trained, and motivated to remain in Federal service. The Administration urges the Senate to provide the full $6.2 million requested for OPM's responsibilities in this initiative.

Retirement Systems Modernization. The Administration strongly urges the Senate to restore the $2.0 million reduction made by the Committee in funding for upgrading and modernizing the systems used for providing retirement benefits to Federal annuitants. The current systems infrastructure -- technology, organization, and processes -- is badly outdated and inefficient. In addition, OPM faces a significant workload increase in the years ahead as more and more employees retire under the Federal Employees' Retirement System (FERS). Failure to invest now in retirement systems upgrades will lead to unacceptable cost increases and service degradations in the future.

Office of Special Counsel

The Administration is concerned that the Committee bill does not include $414,000 requested by the Office of Special Counsel (OSC) to fully support all 10 FTEs needed to continue the Office's efforts to reduce its pending backlog. In 1994, Congress imposed upon the OSC a 240-day deadline for processing and investigating complaints, including those involving prohibited personnel practices and reprisal for whistleblowing. The request for additional staff is an essential part of an aggressive, multi-year strategy by the agency to meet the congressional mandate, in the face of an escalating number of complaints.

Morris K. Udall Foundation

The Administration objects to the Committee's 65 percent reduction to the request for the Morris K. Udall Scholarship and Environmental Dispute Resolution Funds, and urges the Senate to restore the level of funding to the President's request of $4.25 million. In particular, we are concerned with the cut in funding for the Environmental Dispute Resolution Fund of $750,000, or 60 percent, from the President's request. The Fund provides for the operation of the U.S. Institute for Environmental Conflict Resolution, established in 1999. The requested funding is necessary for the Institute's continued operation. Such a decrease in funding from the President's request would result in significant reductions in Institute personnel, preventing the Institute from carrying out existing commitments to Federal agencies for case work, including assistance in current mediation projects. The Institute's goal is to become self-sustaining, but it is still in a start-up mode. Without the requested funding level, it would be difficult for the Institute to continue operating.

Unanticipated Needs

The Committee bill includes neither the $1.0 million requested to meet general unanticipated needs related to the national interest, security, or defense, nor the $2.5 million specifically requested to facilitate public education in Puerto Rico on the islands' status options and a local choice among them. Although Puerto Rico became part of the U.S. over a century ago, its ultimate status still has not been determined. The situation raises questions of democracy and the appropriate economic and social policies for the islands. A primary reason for the situation -- and the requested funding -- is that Puerto Ricans have been unsure of the possible options for the islands' status. The United States has a responsibility to ensure that Puerto Ricans are aware of and can seek a fully democratic governing arrangement if they wish. The Administration will work with the Congress to address this concern as the bill moves forward.

Objectionable Language Provisions

The Administration objects to several language provisions in a variety of programs. Specific issues include:

Firearms Procurement. We strongly oppose a provision of the bill and a further amendment that may be offered that would restrict the Department of the Treasury, while pursuing the procurement of the highest quality firearms and ammunition, from working with the gun industry to reform the way gun manufacturers design, distribute, and market their products. Such reforms, like those being implemented through the Administration's historic agreement with Smith & Wesson, can make significant progress in the fight to reduce gun violence in America and save lives. At a time when our Nation loses nearly 12 children per day in gunfire, Congress should be doing all it can to move forward, not backward, in the fight to reduce gun violence.

Federal Employees Health Benefits Program (FEHBP) Abortion Coverage. The Administration supports the Committee's exclusion of any restriction on FEHBP coverage of abortions except in situations where the life of the mother is endangered or the pregnancy is the result of rape or incest. The Administration would strongly oppose an amendment that would restrict such coverage. While the President believes that abortion should be safe, legal, and rare, the Administration does not believe that Federal employees and their families should be precluded from choosing to purchase health insurance that includes broader coverage.

FEHBP Contraceptive Coverage. The Administration supports the language in the Committee bill that continues requirements in current law for coverage of prescription contraceptives by health plans participating in the FEHBP and would oppose an amendment that may be offered that would strike this authority.

FEHBP Cost Accounting Standards. The Administration has consistently opposed a broad-based statutory waiver of the cost accounting standards (CAS). CAS provide a mechanism for experience-rated carriers to accumulate and report consistently Federal Employees Health Benefits Program (FEHBP) administrative costs (i.e., overhead), along with other financial data, to OPM. This information provides a means for ensuring that the carriers are accurately allocating these costs between their FEHBP business line and their other business lines, so that, among other things, OPM can ensure that taxpayers and participating Federal employees are paying an equitable amount of administrative costs in their health insurance premiums.

Section 514. The Administration opposes the inclusion of section 514 as unnecessarily duplicating two reports that will already be submitted to Congress -- the Information Collection Budget for FY 2001, and the benefit-cost report on Federal regulation required by section 627 of this bill. Paragraph (1) in section 514 would have OMB evaluate the extent to which implementation of the Paperwork Reduction Act (PRA) has reduced reporting burden imposed by all of the agency rules issued since 1981. However, OMB does not generally participate in agency rule development prior to E.O. 12866 review and does not have records of how the PRA was applied during the development of a regulation.

Paragraph (2) in section 514 calls for recommendations on how to amend the PRA to better achieve its purposes and calls for this report to be submitted six months after enactment. The timing of this report under section 514 would require the current Administration to begin developing a report it will not complete and would require the next Administration to submit a report it did not have the opportunity to develop. If this provision is to be included in the final bill, the next Administration should be given sufficient opportunity to develop legislative recommendations in accordance with its own

prerogatives and be allowed to offer its recommendations and suggested amendments to the PRA through the normal legislative process.

Federal Contracting. The Administration appreciates the Committee not including a provision that would keep the Executive Branch from clarifying the current legal requirement that Federal contractors have a record of integrity and business ethics. In order to help contracting officers carry out their responsibilities and avoid forcing them to do business with businesses that are untrustworthy because they have broken the law, the proposed regulation provides guidance to contracting officers, combined with extra due process protections for small business and other contractors. Unfortunately, the House-passed bill includes a provision that would prevent implementation, even though the regulation is only at the proposal stage and public comments are still being solicited. The Administration would oppose a potential floor amendment. GAO has concluded that violations of laws by contractors doing business with the Government resulted in the assessment of hundreds of millions of dollars in fines for procurement fraud and other violations. Delaying implementation will undermine attempts to reform Federal procurement, encourage responsible behavior by contractors and reduce fraud, waste and abuse.

Infringement on Executive Authority. The Administration objects to a number of provisions in the Committee bill that would require congressional approval before Executive Branch execution. The Administration will interpret these provisions to require only notification of Congress, since any other interpretation would contradict the Supreme Court ruling in INS v. Chadha.