100th Congress (1987-1988)

Veto Threats of Legislation in House of Representatives

H.R. 1 - Clean Water Act [January 15, 1987] *

H.R. 1 – Water Quality Act of 1987 [January 7, 1987]

H.R. 2 - Conference Report on Surface Transportation and Uniform Relocation Assistance Act [March 16, 1987]

H.R. 2 – Surface Transportation and Uniform Relocation Assistance Act [January 6, 1987]

H.R. 4 – Housing and Community Development Act of 1987 [June 9, 1987]

H.R. 25 - Whistleblower Protection Act of 1987 [September 18, 1987]

H.R. 27 - Federal Savings and Loan Insurance Corporation Recapitalization Act of 1987 [May 13,, 1987] *

H.R. 27 - Federal Savings and Loan Insurance Corporation Recapitalization Act of 1987 [June 1, 1987] *

H.R. 162 – High Risk Occupational Hazard Notification and Prevention Act [October 5, 1987]

H.J. Res. 175 – Moratorium on Contra Aid [March 10, 1987]

H.R. 278 - Alaska Native Claims Settlement Act

H.R. 281 - Construction Industry Labor Law (Double-Breasting) Amendments of 1987 [June 11, 1987]

H.J. Res. 394 - **Second FY 1988** Short-Term Continuing Resolution [November 4, 1987]

H.J. RES. 395 - **FY 1988** Omnibus Full-Year Continuing Resolution [November 13, 1987]

H.J. RES. 395 - **FY 1988** Omnibus Full-Year Continuing Resolution [December 1, 1987]

H.R. 442 - Civil Liberties Act of 1987 [September 10, 1987]

H.R. 585 - Freedom from Vertical Price Fixing Act of 1987 [November 9, 1987]

H.R. 953 - 1988 Maritime Administration and Federal Maritime Commission Authorizations [November 5, 1987]

H.R. 1056 - Limit on Government National Mortgage Association (GNMA) Fees [February 20, 1987]

H.R. 1101 - Labor Protection Provisions for Employees in Airline Mergers [June 19, 1987]

H.R. 1154 - Textile and Apparel Trade Act of 1987 [August 5, 1987]

H.R. 1212 - The Employee Polygraph Protection Act [October 30, 1987]

H.R. 1414 - Price-Anderson Nuclear Liability Insurance System [November 6, 1987] *

H.R. 1567 - Cow Creek Band of Umpqua Indians Fund Distribution [October 1, 1987]

H.R. 1748 - Defense Authorization Act, 1988 [May 1, 1987]

H.R. 1811 - Atomic Veterans Compensation Act of 1987 [July 23, 1987]

H.R. 1827 - Supplemental Appropriations Bill, 1987 [April 15, 1987]

H.R. 2310 - Airport and Airway Improvement Amendments of 1987 [September 28, 1987]

H.R. 2470 - Medicare Catastrophic Protection Act of 1987 [July 21, 1987]

H.R. 2530 - Mississippi National River [September 25, 1987]

H.R. 2686 - National Development Investment Act [July 30, 1987]

H.R. 2790 - Public Buildings Amendments of 1987 [December 10, 1987]

H.R. 2897 - Federal Trade Commission Authorization [October 5, 1987]

H.R. 2939 - Independent Counsel Amendments Act of 1987 [October 21, 1987]

H.R. 3030 - Agricultural Credit Act of 1987 [September 14, 1987]

H.R. 3051 - Airline Passenger Protection Act of 1987 [September 14, 1987]

H.R. 3100 - Foreign Assistance Authorization [September 30, 1987]

H.R. 3307 - Sentencing Guidelines Transition Act [October 6, 1987]

H.R. 3399 - Alternative Motor Fuels Act of 1987 [December 3, 1987]

H.R. 3400 - Federal Employees Political Activities Act of 1987 [November 12, 1987]

H.R. 3436 - Older Americans Act Technical Amendments [November 16, 1987]

H.R. 3520 - Rural Development, Agriculture, and Related Agencies Appropriations Bill, 1988 [November 10, 1987]

H.R. 3545 - The Omnibus Reconciliation Act of 1987 [October 28, 1987]

H.R. 387 - Federal Equitable Pay Practices Act [October 6, 1988]

H.R. 1054 - Military Medical Malpractice Claims [February 11, 1988]

H.R. 1580 - Anti-Apartheid Act Amendments of 1988 [August 4, 1988]

H.R. 1811 - Atomic Veterans Compensation Act of 1987 [April 21, 1988] *

H.R. 1811 - Atomic Veterans Compensation Act of 1987 [April 28, 1988]

H.R. 2631 - Authorization of Appropriations for the United States Mint [February 11, 1988] *

H.R. 3025 - Appalachian States Low-Level Radioactive Waste Compact [April 11, 1988]*

H.R. 3343 - Consumer Product Safety Improvement Act of 1987 [October 3, 1988]

H.R. 3361 - National Institutes of Health Reauthorizations Act of 1988 [October 6, 1988]

H.R. 3396 - Rehiring of former Air Traffic Controllers [March 17, 1988]

H.R. 3436 – Medicare Long-Term Home Care Catastrophic Protection Act of 1987 [June 6, 1988]

H.R. 3621 - Southern California Indian Land Transfer Act [October 5, 1988]

H.R. 3718 - Small Business Debentures Refinancing [September 30, 1988]

H.R. 3822 - Intelligence Oversight Act of 1988 [July 27, 1988]

H.R. 3875 - Civil Service Due Process Amendments [January 29, 1988]

H.R. 3957 - Delaware and Lehigh Navigation Canal National Heritage Corridor Act of 1988 [September 8, 1988]

H.R. 3964 - National Park Service Review Board [July 12, 1988]

H.R. 4054 - Inspector General Act Amendments of 1988 [July 22, 1988]

H.R. 4127 - American Heritage Trust Act [September 27, 1988]

H.R. 4150 - Postal Reorganization Act Amendments of 1988 [June 16, 1988]

H.R. 4222 - Extension of Application Period for Illegal Immigrant Legalization Program [April 28, 1988] *

H.R. 4469 - Hoopa-Yurok Settlement Act [September 15, 1988]

H.R. 4471 - Miscellaneous International Affairs Authorization Act of 1988 [May 11, 1988]

H.R. 4526 - Expansion of Manassas National Battlefield [September 28, 1988] *

H.R. 4547 - Local Rail Service Assistance Reauthorization [September 23, 1988]

H.R. 4550 - Decennial Population Census - Administrative Requirements [September 22, 1988]

H.R. 4775 - Treasury/Postal Appropriations Bill, Fiscal Year 1989 [June 9, 1988]

H.R. 4776 - District of Columbia Appropriations, 1989 [June 24, 1988] *

H.R. 4781 - Defense Appropriations Bill, 1989 [June 28, 1988] *

H.R. 4781 –Defense Appropriations Bill, 1989 [June 16, 1988]

H.R. 4783 – Labor, Health and Human Services, and Education, and Related Agencies Appropriations Bill, FY 1989 [JUNE 28, 1988] *

H.R. 4784 - Rural Development, Agricultural, and Related Agencies Appropriations Bill, FY 1989 [June 27, 1988] *

H.R. 4794 - Transportation Appropriations Bill, FY 1989 [June 28, 1988]

H.R. 4794 - Transportation Appropriations Bill, FY 1989 [June 17, 1988]

H.R. 4800 - HUD/Independent Agencies Appropriations Bill, 1989 [May 31, 1988]

H.R. 4800 – HUD/Independent Agencies Appropriations Bill, 1989 [June 15, 1988]

H.R. 4800 - HUD/Independent Agencies Appropriations Bill; 1989 [June 21, 1988]

H.R. 4844 - Federal Aviation Administration (FAA) Drug Enforcement Assistance Act [September 30, 1988]

H.R. 4867 - Department of The Interior and Related Agencies Appropriations Bill, FY 1989 [June 22, 1988]

H.R. 4867 - Department of The Interior and Related Agencies Appropriations Bill, FY 1989 [June 29, 1988]

H.R. 4867 - Department of The Interior and Related Agencies Appropriations Bill, FY 1989 [July 8, 1988]*

H.R. 4986 - Student Default Initiative Act of 1988 [September 22, 1988]

H.R. 5026 - Dire Emergency Supplemental Appropriations Bill, Fiscal Year 1988 [July 27, 1988]

H.R. 5056 - Agricultural Research Act of 1988 [September 20, 1988]

H.R. 5110 - Omnibus McKinney Homeless Assistance Act of 1988 [August 3, 1988]

H.R. 5203 - Quinault Indian Trust Lands [September 30, 1988]

H.R. 5247 - Water Resources Development Act of 1988 [September 22, 1988]

H.R. 5319 - Pay Increases for Members of the Secret Service Uniformed Division and the U.S. Park Police [October 7, 1988] *

H.R. 5410 - Foreign Investment Disclosure Act of 1988 [October 3, 1988]

H.R. 5452 - Extension of Commission on Merchant Marine and Defense [October 12, 1988] *

Veto Threats of Legislation in Senate

S. 1 - Clean Water Act [January 12, 1987]

S. 9 - Service-Disabled Veterans' Benefits Improvement Act [December 3, 1987]

S. 79 - High Risk Occupational Hazard Notification and Prevention Act [November 18, 1987]

S.J. Res. 81 - Disapproving the Provision of Additional Assistance to the Nicaraguan Democratic Resistance [March 13, 1987]

S. 83 - National Appliance Energy Standards [February 4, 1987]

S. 184 - To Provide Economic Assistance to the Central American Democracies and Disapproving Aid to the Contras [February 26, 1987]

S. 387 - Federal-Aid Highway Act of 1987 [January 27, 1987]

S. 410 - Dairy Policy Commission Extension [March 25, 1987]

S. 557 - Civil Rights Restoration Act of 1987 [June 11, 1987] *

S. 724 - Airline Merger Transfer Act of 1987 [October 7, 1987]

S. 1145 - Alaska Native Claims Settlement Act [October 29, 1987]

S. 1174 - Defense Authorization Act, 1988 and 1989 [May 13, 1987]

S. 1196 - Marine Science, Technology, and Resource Development Act [August 4, 1987]

S. 1293 - Independent Counsel Reauthorization Act of 1987 [July 31, 1987]

S. 1420 - Omnibus Trade and Competitiveness Act of 1987 [July 21, 1987]

S. 1518 - Methanol and Alternative Fuels Promotion Act of 1987 [December 7, 1987]

S. 1800 - Agriculture, Rural Development, Related Agencies Appropriations Bill, 1988 [November 10, 1987]

S. 79 - High Risk Occupational Hazard Notification and Prevention Act [February 11, 1988]

S. 90 - Big Cypress National Preserve Expansion [February 25, 1988] *

S. 237 (March 17, 1988 Substitute) – Integrity in Post Employment Act [April 15, 1988]

S.J.Res. 241 - Disapproving the U.S./Japan Agreement for Nuclear Cooperation [March 21, 1988]

S.J.Res. 268 - Disapproving the certification by the President that Mexico has fully cooperated with U.S. anti-drug efforts [April 13, 1988]

S.J.Res. 292 - Disapproving the certification by the President that the Bahamas have fully cooperated with U.S. anti-drug efforts [April 13, 1988]

S.J.Res. 305 - Persian Gulf Policy Act of 1988 [June 3, 1988]

S. 430 - The Retail Competition Enforcement Act [June 21, 1988]

S. 492 - Building and Construction Industry Labor Law (Double-Breasting) Amendments of 1987 [April 19, 1988]

S. 508 - Whistleblower Protection Act of 1987 [July 26, 1988]

S. 549 - Textile and Apparel Trade Act of 1987 [June 15, 1988]

S. 552 - Federal Compensation Equity ("Comparable Worth") Act [April 14, 1988]

S. 557 - Civil Rights Restoration Act of 1987 [February 25, 1988]

S. 612 - "Warner Amendment" Repeal [May 18, 1988]

S. 675 - Endangered Species Act Reauthorization [February 12, 1988]

S. 795 - San Luis Rey Indian Water Settlement [August 9, 1988] *

S. 908 - Inspector General Act Amendments of 1987 [February 2, 1988]

S. 1081 - National Nutrition Monitoring and Related Research Act of 1988 [October 6, 1988]

S. 1323 - Tender Offer Disclosure and Fairness Act of 1987 [June 16, 1988]

S. 1511 - Family Security Act of 1988 [June 13, 1988]

S. 1693 - Omnibus National Parks and Public Lands Act of 1988 [September 23, 1988] *

S. 1721 - Intelligence Oversight Act of 1987 [February 25, 1988]

S. 1792 - Appropriations Authorization for the Office of Environmental Quality [September 28, 1988]

S. 1882 – Consumer Product Safety Commission Authorization Act of 1987 [November 19, 1987]

S. 2097 - Uranium Revitalization, Tailings Reclamation and Enrichment Act of 1987 [March 24, 1988]

S. 2443 - Nuclear Regulation Reorganization Reform Act of 1988 [August 8, 1988]

S. 2449 - Postal Service Budgetary Treatment Act of 1988 [September 22, 1988]

S. 2488 - Parental and Medical Leave Act of 1988 [September 27, 1988]

S. 2527 - Mandatory Advance Notice of Plant Closings and Mass Layoffs [July 7, 1988]*

S. 2560 - Hunger Prevention Act of 1988 [July 14, 1988]

S. 2570 - Local Rail Service Assistance Reauthorization [October 7, 1988]

S. 2662 - Textile and Apparel Trade Act of 1987 [August 4, 1988]

S. 2756 - Anti-Apartheid Act Amendments of 1988 [September 27, 1988]

S. 2757 - Miscellaneous International Affairs Authorization Act of 1988 [September 27, 1988]

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

STATEMENT OF ADMINISTRATION POLICY

January 15, 1987
(Senate)

H.R. 1 - Clean Water Act
(Rep. Howard (D) New Jersey & 167 Others)

The President strongly supports the clean water and environmental programs contained in H.R. 1. His concern about H.R. 1 is based upon its costs. The President supports legislation that would authorize a grant program of $12 billion instead of the $18 billion as provided in H.R. 1. This doubles his proposal of last year and meets the Congress halfway on this issue. As far as environmental standards and procedures are concerned, the President's proposal is identical to H.R. 1.

The President's senior advisers will recommend a veto of H.R. 1, if it is presented to him in its present form. H.R. 1 is unacceptable for the reasons cited in the President's November 6, 1986, memorandum of disapproval of S. 1128, a bill virtually identical to H.R. 1. The President vetoed S. 1128 because of its:

-- unacceptably high cost,

-- reversal of important reforms enacted in 1981, and

-- authorization of unnecessary new programs adding to the Federal budgetary deficit, including a mandatory federally controlled and directed non-point source pollution control program, which is tantamount to federal land use planning.

As the President noted in his radio addresses of January 3rd and 10th, this legislation would be a budget-buster signaling a willingness to raise taxes and take the lid off spending. The President expressed his willingness to work with Congress for a reasonable bill.

The President's 1988 budget proposes a $12 billion waste treatment facility construction grant phase-out program. This proposal would meet Congress half way between the President's $6 billion phase-out proposal last year and the $18 billion phase-out program that would have been authorized by S. 1128.

The administration supports a substitute proposal that Senator Dole will offer. Senator Dole's substitute:

-- incorporates the President's revised $12 billion waste treatment grant proposal, and

-- allows States discretion to use a portion of their grant allotments for State controlled and administered non-point source pollution control programs, but removes Federal approval and modification authority over the State programs.

Except for these features, Senator Dole's substitute proposal is the same as H.R. 1. The administration urges that Senator Dole's substitute be enacted in lieu of H.R. 1.

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STATEMENT OF ADMINISTRATION POLICY

January 7, 1987
(House Rules)

H.R. 1 - Water Quality Act of 1987
(Rep. Howard (D) New Jersey & 140 Others)

The President's senior advisers will recommend a veto of H.R. 1, if it is presented to him in its present form. H.R. 1 is unacceptable for the reasons cited in the President's November 6, 1986, memorandum of disapproval of S. 1128, a bill virtually identical to H.R. 1. The President vetoed S. 1128 because of its:

-- unacceptably high cost,

-- reversal of important reforms enacted in 1981, and

-- authorization of unnecessary new programs adding to the Federal budgetary deficit, including a mandatory federally controlled and directed non-point source pollution control program.

As the President noted in his radio address of January 3rd, this legislation would be a budget-buster signaling a willingness to raise taxes and take the lid off spending. The President expressed his willingness to work with Congress for a reasonable bill.

The President's 1988 budget proposes a $12 billion waste treatment facility construction grant phase-out program. This proposal would meet Congress half way between the President's $6 billion phase-out proposal last year and the $18 billion that would have been authorized by S. 1128.

The administration provided an alternative bill to Congress on January 6, 1987. This bill:

-- incorporates the President's revised $12 billion waste treatment grant proposal,

-- allows States discretion to use a portion of their grant allotments for State controlled and administered non-point source pollution control programs, and

-- eliminates several special interest projects authorized outside of the normal grant program.

Except for these features, the administration's proposal is the same as H.R. 1. The administration urges that its proposal be enacted in lieu of H.R. 1.

STATEMENT OF ADMINISTRATION POLICY

March 16, 1987
(House and Senate)

Conference Report on H.R. 2 - Surface Transportation and Uniform Relocation Assistance Act
(Anderson (D) California and 65 others)

The administration opposes approval of the conference report because of its numerous objectionable provisions, as detailed in Statements of Administration Policy on H.R. 2 and S. 387 sent to Congress earlier. If the conference bill is presented to the President for signature, the President's senior advisers will recommend that he veto the bill.

The conference bill's objectionable provisions include, but are not limited to, its: (1) excessive authorization levels, especially for mass transit; (2) continuation of inequitable and inappropriate allocation of trust-funded transit funds to relatively few cities; (3) mandatory funding for numerous special interest transit and highway projects; and (4) provisions expanding domestic content requirements for transit.

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STATEMENT OF ADMINISTRATION POLICY

January 6, 1987
(House Rules)

H.R. 2 - Surface Transportation and Uniform Relocation Assistance Act
(Howard (D) New Jersey)

The administration opposes H.R. 2 and, if it is presented to him in its current form, the President's senior advisers will recommend that the President veto the bill.

The administration urges adoption of the legislative proposal to reauthorize highway safety and highway construction programs that was transmitted to Congress by the Department of Transportation on January 5, 1986. Otherwise H.R. 2 should be amended to:

-- authorize obligations for highway, transit, and highway safety activities of $77.4 billion for fiscal years 1987-1991, instead of $91 billion as contained in H.R. 2 (the adverse budget impact of H.R.2, compared with the Administration's proposal, would total $17.1 billion during 1987-1991: in addition to providing for excess obligations of $13.6 billion, it would not -- as the administration has proposed -- add $3.5 billion in new revenues to the Highway Trust Fund by repealing the current tax exemptions for gasohol, bus operators, and State and local governments);

-- delete the provisions which undermine the purpose of the highway and transit obligation limitations by excluding spending on "demonstration projects" from those limitations;

-- delete authorizations for over 100 expensive special interest projects;

-- delete authorizations for two Boston projects to be added to the Interstate System which increase the Federal cost to complete the Interstate by $1.8 billion;

-- delete the provisions which continue discretionary transit grants and authorize multi-year contracts, as well as effectively exempt these funds from sequestration and annual obligation limitations;

-- delete provisions increasing the Federal matching share and waiving non-Federal matching requirements in certain cases;

-- delete provisions (1) increasing domestic content requirements, (2) preventing States from using sealed bids and automatically accepting the lowest bidder on architectural and engineering contracts, (3) limiting the use of convict-produced materials, and (4) reauthorizing rather than terminating the compensation requirements of the highway beautification program;

-- incorporate administration proposals to increase Federal and State flexibility in the use of highway funds to allocate mass transit account funds by formula and to increase the non-Federal share on transit projects to 50%;

-- delete the provision that would permit States or localities to prohibit or restrict the awarding of federally-funded highway and transit construction contracts to businesses conducting business in South Africa; and

-- delete definitions and requirements under the Uniform Relocation Act which increase Federal costs, restrict State and local flexibility, and are inconsistent with the principles of Federalism.

The administration is strongly opposed to any amendments to H.R. 2 that would increase spending levels or place the Highway Trust Fund off-budget or remove it from the budget controls contained in Gramm-Rudman-Hollings.

The administration also urges the adoption of amendments to repeal the current tax exemptions enjoyed by gasohol, bus operators, and State and local governments, estimated to generate $3.5 billion between 1987-1991, thereby assuring sufficient Highway Trust Fund revenues to cover the administration's proposed authorizations.

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STATEMENT OF ADMINISTRATION POLICY

This version was sent to the Hill

June 9, 1987
(House)

H.R. 4 - Housing and Community Development Act of 1987
(Gonzalez (D) Texas and 24 others)

The Administration strongly opposes H.R. 4, the Housing, Community Development, and Homelessness Prevention Act of 1987, as reported by the House Banking Committee. If it were presented to the President in its current form, the President's senior advisors would recommend disapproval.

H.R. 4 is objectionable because it would:

- Increase the deficit in FY 1988 by $5.2 billion (outlays) and add $29.5 billion to the deficit over fiscal years 1988-92, as compared with the President's budget;
- Reverse housing reforms enacted by Congress in 1981, including costly restrictions on state use of flexible CDBG funds;
- Create costly new programs such as the Nehemiah homeownership subsidy program for middle income households;
- Fail to terminate the UDAG, HODAG, public housing construction, Section 8 moderate rehabilitation, and Section 312 rehabilitation loan programs, all of which are ineffective and costly;
- Not authorize funding for a housing voucher program; and
- Impose unnecessary, burdensome, and otherwise unacceptable restraints and requirements relating to the President's regulatory process and the management of housing programs.

The Wylie substitute, on the other hand, represents a step in the right direction. It is preferable to H.R. 4 because it would:

- For low income people, provide 20,000 more new housing units than H.R. 4 at less cost.

- Authorize 60,000 housing vouchers for HUD in 1988 and extend this program to rural poor served by the Farmers Home Administration;

- Emphasize preservation of the viable public housing stock by substituting a more effective $1.5 billion Comprehensive Modernization program for public housing construction;

- Hold the line on creating major new housing programs;

- Avoid imposing burdensome administrative restrictions on the implementation of current housing programs;

- Authorize Administration inititatives to strengthen fair housing enforcement and verify incomes of assisted housing tenants.

- Terminate HODAG, Section 8 moderate rehabilitation, and Section 108 CDBG loan guarantee programs; and

- Reduce total authorization of budget authority to $14.2 billion versus $15.9 billion in H.R. 4.

The Administration urges the House to pass a housing bill the President can sign -- more like the President's housing program.

It would be a shame if after all the work that has gone into crafting a housing authorization bill, Congress were to produce legislation the President found unacceptable.

STATEMENT OF ADMINISTRATION POLICY

Revision

September 18, 1987
(House)

H.R. 25 - Whistleblower Protection Act of 1987
(Schroeder (D) Colorado and 84 others)

The administration opposes H.R. 25. Under the guise of protecting whistleblowers, H.R. 25 would radically disrupt the entire Federal employee disciplinary process and would have a serious detrimental effect on agency operations and on the Federal judicial system.

In the past four months, the administration has been working with the Post Office and Civil Service Committee to try to reach agreement on an acceptable version of the bill. Notwithstanding the administration's willingness to arrive at a constructive compromise, the bill has not been amended to remove its most seriously objectionable provisions. Accordingly, the President's senior advisers would find it necessary to recommend that he veto the bill if it should be presented to him in its present form.

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STATEMENT OF ADMINISTRATION POLICY

FINAL: TRANSMITTED
TO HILL 5/14/87.

May 13, 1987
(Senate)

H.R. 27 - Federal Savings and Loan Insurance Corporation Recapitalization Act of 1987
(St Germain (D) RI)

The administration urges the immediate enactment of a bill to recapitalize FSLIC with funds from the private capital markets at $15 billion over five years. The administration's full self-help plan would: (1) result in a responsible level of funding that will allow FSLIC to protect depositors; and (2) avoid the risk of a budget-busting bailout of FSLIC. Insufficient funding now will increase the ultimate cost of dealing with insolvent savings and loan institutions.

If a bill were presented to the President (1) without the requested resources for FSLIC, or (2) with the highly objectionable provisions outlined below, the President's senior advisers would recommend the bill's disapproval.

The following objectionable provisions are extraneous or unduly restrictive and do nothing to safeguard the savings of FSLIC-insured deposits:

- Senate provisions to close the non-bank bank loophole;
- Senate provisions to prohibit banking institutions from offering new products and services;
- Senate provisions to exempt the Federal financial regulatory agencies from Presidential oversight through the apportionment process; and
- House provisions to impose rigid statutory limitations on the ability of the regulators to supervise and resolve troubled thrift institutions, rather than permitting flexible regulatory discretion, where appropriate, to forbear with well-managed institutions that can demonstrate reasonable prospects to work out their problems.

The administration strongly supports the Garn amendment to delete Titles I (Financial Institutions Competitive Equality) and II (Moratorium on Certain Non-banking Activities) from S. 790, as passed by the Senate, and also supports all efforts on the Senate floor to eliminate the objectionable provisions listed above.

STATEMENT OF ADMINISTRATION POLICY

June 1, 1987
(Conference)

H.R. 27 - Federal Savings and Loan Insurance Corporation Recapitalization Act of 1987
(St Germain (D) RI)

The administration urges the immediate enactment of a bill to recapitalize FSLIC with funds from the private capital markets at $15 billion over five years. The administration's full self-help plan would: (1) result in a responsible level of funding that will allow FSLIC to protect depositors; and (2) avoid the risk of a budget-busting bailout of FSLIC. Insufficient funding dramatically increases the risk of being forced to use taxpayers' funds -- as was the case with the State insurance funds in Ohio and Maryland -- to bail out both owners of insolvent savings and loans and depositors.

The administration opposes the numerous objectionable, restrictive, and extraneous provisions added to both the House and Senate versions of H.R. 27 and urges their deletion. If the bill were presented to the President (1) without the necessary resources for FSLIC, or (2) with the highly objectionable provisions outlined below, the President's senior advisers would recommend the bill's disapproval.

The administration strongly opposes, and will seek to eliminate provisions that would:

- Deny to consumers the competitive benefits of new entrants into the regulated and supervised banking system (the so-called non-bank bank loophole, title I H.R. 27 as passed by the Senate);

- Restrict or create disincentives to purchasers of ailing savings and loans that would help offset FSLIC's financial problems (title I of H.R. 27 as passed by the Senate);

- Prohibit banking institutions from offering new products and services to consumers and businesses (title II of H.R. 27 as passed by the Senate);

- Exempt the Federal financial regulatory agencies from Presidential apportionment authority; and

- Impose rigid statutory limitations on the ability of the regulators to supervise troubled thrift institutions.

The administration supports all efforts to eliminate these highly objectionable provisions.

The administration recognizes the appropriateness of regulatory forbearance for well-managed institutions in regionally-depressed areas, provided that the institutions have reasonably good prospects for recovery. This can be accomplished most effectively through regulations issued by the Federal Home Loan Bank Board.

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STATEMENT OF ADMINISTRATION POLICY

October 5, 1987
(House Rules)

H.R. 162 - High Risk Occupational Hazard Notification and Prevention Act
(Gaydos (D) PA and 145 others)

The administration strongly opposes H.R. 162, which would unnecessarily duplicate current Federal efforts regarding the evaluation and notification of workers of hazards in the workplace. H.R. 162 is likely to result in substantial litigation and in Federal and private sector tort liability. This legislation would impose enormous costs on employers, consumers, workers, and the Federal Government. If presented to the President in its current form, the President's Senior Advisers would recommend disapproval.

However, if Congress believes legislation in this area is necessary, the administration would urge adoption of an alternative to H.R. 162, proposed by Representatives Jeffords and Henry. This alternative would further strengthen the Department of Labor's Hazard Communication Standard, which has recently been extended to cover all industries where workers are exposed to hazardous chemicals, and other Occupational Safety and Hazards Administration health standards. This approach focuses on preventing workplace exposures before they occur, and would reach many more workers than the individual notification program established by H.R. 162. The substitute also includes interim risk notification provisions for federally-studied workers and proposes the establishment of a Commission to examine the effectiveness and impact of occupational risk notification and to make recommendations as to the appropriate Federal role.

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STATEMENT OF ADMINISTRATION POLICY

March 10, 1987
(House)

H.J.Res. 175 - Moratorium on Contra Aid
(Rep. Foley (D) Washington)

The administration opposes H.J.Res. 175. If the resolution is passed by Congress, the President's senior advisers will recommend that the President veto it.

H.J.Res. 175 would not encourage the Sandinistas to move toward peace and democracy. While ostensibly requiring an accounting of previous funds provided to the Nicaraguan democratic resistance, the resolution would reward the Sandinistas' inflexibility and send the message that they need only wait for the United States to lose its resolve. The resolution's moratorium on aid to the Nicaraguan democratic resistance would deprive the United States of one of the most critical elements of leverage it has with the Sandinistas, and make successful negotiations for a democratic outcome in Nicaragua virtually impossible.

In the meantime, the administration will continue its efforts to work with the Congress and others in accounting for funds provided to the Nicaraguan democratic resistance.

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STATEMENT OF ADMINISTRATION POLICY

March 26, 1987
(House)

H.R. 278 - Alaska Native Claims Settlement Act
(Rep. Young (R) Alaska)

The administration opposes enactment of H.R. 278 because it contains fundamental policy flaws. The bill would expand upon the intended permanent settlement of Alaska Native Claims established in 1971, establish permanent racially-defined special economic and property rights, and could generate substantial litigation.

If H.R. 278 should be enacted in its present form, the President's senior advisers would recommend that he dispprove it.

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STATEMENT OF ADMINISTRATION POLICY

June 11, 1987
(House)

H.R. 281 - Construction Industry Labor Law (Double-Breasting) Amendments of 1987
(Clay (D) MO and 136 others)

The administration strongly opposes H.R. 281. If H.R. 281 were presented to the President, the President's senior advisers would recommend disapproval.

H.R. 281 would apply the terms and conditions of a collective bargaining agreement covering the employees of one construction business entity to cover the employees of another. This so-called "double-breasting" provision would in effect deprive the employees of their right to decide whether they want to be represented by a union, and if so, to select the union of their choice. The bill is also objectionable because it contains a provision relating to pre-hire agreements that would apply the agreement and union representation to employees without allowing them to seek an election during the term of the agreement. The provision would also require the employer to continue to bargain with the union after the termination of the pre-hire agreement even though the employees had never selected that union as their representative.

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STATEMENT OF ADMINISTRATION POLICY

November 13, 1987
(House Rules)

H.J. RES. 395: FY 1988 OMNIBUS FULL-YEAR CONTINUING RESOLUTION
(Sponsor: Whitten (D), Mississippi)

The President's senior advisers would recommend veto of the full-year continuing resolution as reported by the House Appropriations Committee. There are four primary reasons for this position.

(1) The Administration opposes the current Congressional practice of funding the entire government in one omnibus continuing resolution. The appropriations process allows both the legislative and executive branches the opportunity to consider funding in thirteen separate and distinct appropriations bills. An omnibus continuing resolution such as H. J. Res. 395, that provides funding for all thirteen bills, denies the President the opportunity to make decisions on a bill-by-bill basis. An omnibus bill hinders seriously this type of decision process.

(2) The continuing resolution, by referencing House-passed or House-reported bills, includes language provisions that are seriously objectionable and, by themselves, call into question the acceptability of the resolution. The most seriously objectionable provisions, any of which would cause a veto recommendation, include:

- Prohibiting the sale of Economic Development Administration loans without the borrower's approval (Commerce/Justice/State),
- Prohibiting the development, testing, or deployment of an ABM System under certain circumstances (Defense),
- Limiting U.S. strategic nuclear forces to the numerical sublimits of the SALT II agreement (Defense),
- Prohibiting U.S. nuclear explosions exceeding one kiloton (Defense),
- Imposing a one-year moratorium on the testing of the Space Defense System (ASAT) against objects in space (Defense),
- Blocking the Bureau of Reclamation from moving to Denver or reorganizing as planned until Congress can review the plans (Energy/Water),

- Including numerous unbudgeted construction starts and other add-ons for Army Corps of Engineers water projects, including mandated funding for: (1) the next segment of the uneconomic $1.6 billion Red River Waterway, LA; and (2) Helena Harbor, AR (Energy/Water),

- Rescinding $64 million in previously appropriated funds that were committed to Korea (Foreign Operations),

- Requiring that structures on the Outer Continental Shelf contain at least 50 percent U.S. materials (Interior),

- Deleting the authority of the Secretary of Treasury to disallow any premium-free prepayment of REA-guaranteed FFB direct loans (Rural Development),

- Prohibiting any effort to alter the method of computing normalized prices for agricultural commodities in effect January 1, 1987 (Rural Development),

- Specifying detailed up-front appropriations for each of the CCC farm price support programs (Rural Development),

- Authorizing GSA to acquire a building in Chicago, IL, and buildings for the EPA and DOT through lease purchase arrangements (Treasury/Postal), and

- Requiring Treasury to use U.S. manufactured paper in currency (Treasury/Postal).

These and other objectionable provisions are identified in the attachment.

(3) The Administration is strongly opposed to efforts expected on the House floor to add entire authorizing bills to the continuing resolution. For example, inclusion of the Fairness Doctrine would cause a veto recommendation. An omnibus continuing resolution is not the appropriate vehicle to include legislation that should be debated and enacted separately. Any attempt to ensure passage of legislation in this way is objectionable.

(4) The funding levels provided in the House continuing resolution are unacceptable. Statements of Adminstration Policy have been sent forward on each of the bills already considered by the House. Not a single bill is supported by the Administration. Funding in this resolution for domestic discretionary programs exceeds the President's request by 16 percent and the 1987 enacted level by 6 percent. As Congress and the Administration negotiate vigorously for meaningful deficit savings, it is imperative that appropriations decisions be consistent with the Nation's priorities and that wasteful spending be eliminated. [As part of the ongoing negotiations on reducing the Federal deficit, the Administration supports a freeze on discretionary

spending at the FY 1987 enacted level. The Administration supported such a measure during the House debate on the Reconciliation Act of 1987 (Policy Issue).]

Finally, the Administration continues to oppose efforts to establish statutory minimum employment floors, thus reducing the Administration's flexibility to allocate personnel resources to meet changing circumstances. Moreover, the resolution includes a number of provisions that unnecessarily infringe on legitimate Executive Branch policy and managerial functions.

The Administration urges the Congress to proceed expeditiously toward the completion of regular FY 1988 appropriations bills and present the President with individual bills that are consistent with the above criteria and earlier communications.

RANKING OF OBJECTIONABLE LANGUAGE ITEMS IN FULL YEAR CONTINUING RESOLUTION

(Note - This list is based on House and Senate action to date and does not include a number of authorization provisions which are expected on the House and Senate floors.)

A. Items Any One of Which Would Trigger Veto Recommendation:

Agriculture/ Rural Devel

- House deletes the authority of the Secretary of Treasury to disallow any premium-free prepayment of REA-guaranteed FFB direct loans. Must be deleted.

- House prohibits any effort to alter the method of computing normalized prices for agricultural commodities in effect January 1, 1987, thus blocking Administration effort to end water subsidy/price subsidy double-dip. Must be deleted.

- House specifies detailed up-front appropriations for each of the CCC farm price support programs. This will be difficult to administer and will likely result in unwarranted delays in providing loans and payments to farmers. Must be deleted.

Com/Jus/State

- Senate prohibits use of funds for reconstructing Embassy Office Building in Moscow. Requires reorganization of construction program. Requires completion of new building. Must be deleted or modified in an acceptable way.

- Senate prohibits selling direct loans held by SBA and imposing new or increased SBA user fees. House and Senate prohibit sale of EDA loans without approval of borrower. Must be deleted.

Defense

- House prohibits development, testing, or deployment of an ABM System under certain circumstances. Must be deleted or modified in an acceptable way.

- House limits U.S. strategic nuclear forces to the numerical sublimits of the SALT II agreement. Must be deleted or modified in an acceptable way.

- House prohibits U.S. nuclear explosions exceeding one kiloton. Must be deleted or modified in an acceptable way.

- House imposes one year moratorium on testing of Space Defense System (ASAT) against objects in space. Must be deleted or modified in an acceptable way.

Dist of Columbia - Senate allows use of D.C. local funds for abortions. Must be deleted.

Energy and Water - Senate requires a "cold shutdown" of N Reactor in Hanford, Washington. Must be deleted.

- House blocks the Bureau of Reclamation from moving to Denver or reorganizing as planned until Congress can review the plans. Must be deleted or modified in an acceptable way.

- Senate prohibits the Administration from studying or proposing any initiative to privatize the uranium enrichment programs unless GSA is used to dispose of the enterprise as surplus property. Must be deleted.

- House and Senate inclusion of about 30-40 unbudgeted construction starts and other add-ons for Army Corps of Engineers water projects, costing over $1 billion in total Federal costs over the next several years. Particularly objectionable is the mandated funding for: (1) the next segment of the uneconomic $1.6 billion Red River Waterway (LA) (House/Senate); (2) the Cooper River Seismic Modification (SC) (Senate); and (3) Helena Harbor (AR) (House/Senate). Must be deleted.

Foreign Ops - House rescinds $64 million in previously appropriated funds that were commited to Korea which, it is claimed, is the amount of the benefit Korea will receive under the debt restructuring proposal. Must be deleted.

HUD-Independent - None

Interior	-	House requires that structures on the OCS contain at least 50% U.S. materials. Must be deleted.
Labor/HHS/Ed	-	None
Mil Con	-	None
Transportation	-	None
Treasury/Postal	-	Language directs GSA to acquire buildings in San Francisco, Ca. (Senate); Chicago, Ill. (House) and buildings for the EPA and DOT through lease purchase arrangements (House). Must be deleted.
	-	Senate requirement to reimburse the costs of detailing Federal employees to executive branch agencies. Should be deleted or substantially revised to respond to Administration concerns.
	-	House requires Treasury to use U.S. manufactured paper in currency, securities and passports. Must be deleted or modified to meet international obligations.

B. Items Which if Not Addressed May Combine to Trigger Veto Recommendation:

Agriculture/ Rural Devel	-	House directs the Chiefs of the Soil Conservation Service and Forest Service to report directly to the Secretary of Agriculture.
	-	House and Senate preclude funds from being used to consolidate Soil Conservation Service national technical centers.
	-	House and Senate disallow the phasing out of the Resource Conservation and Development Program.
Com/Jus/State	-	Senate Sense of the Congress Resolution on Indochinese refugee resettlement, earmarks certain admissions levels for SE Asia.
	-	Senate grants refugee status to Cuban political prisoners.

- House includes no funding for the Commission on Civil Rights.

- House precludes DOT from proceeding with future rule-makings on the repayment of Construction Differential Subsidies.

- House amends the Immigration and Nationality Act to extend less stringent documentation requirements for seasonal agricultural workers.

- House prohibits implementation in FY 1988 of small business size standards changes required by section 921 of FY 1987 DoD Authorization Act.

Defense - None

Dist of Columbia - Senate requires Appropriations Committee approval of plans for new D.C. Jail, raising Chadha issue.

Energy and Water - House and Senate use unobligated balances to finance additional Corps of Engineers construction and planning.

- Senate increase of $5.4 million to fund about 16 unrequested studies of low-priority Bureau of Reclamation water projects. House increase of $6.2 million to fund about 20 unrequested studies of low-priority water projects.

- House forgives the Farwell Irrigation District (NE) repayment to the U.S. for certain irrigation and drainage costs.

- Senate allows the Department of Energy National Laboratories to pass through their lobbying costs to the Government.

- Senate prohibits studies relating or leading to "market rate" pricing of power sold by TVA for the PMAs.

Foreign Ops - House requires obligation of U.S. voluntary contributions in the International Organizations and Programs account to UNICEF on a specific schedule.

- House singles out Jamaica, Peru, and Bolivia for special narcotics certification.

- House earmarks Foreign Military Sales Credit funds for Guarantee Reserve Fund.

- House notwithstands the Immigration and Nationality Act by eliminating numerical limits for the admission to the U.S. of certain Vietnamese Amerasians and their spouse/children and natural mother.

- House prohibits use of U.S.-supplied military equipment by Turkish troops on Cyprus and codifies the 7:10 ratio of military aid to Greece and Turkey.

HUD-Independent

- Senate earmarks funds for major reconstruction of obsolete public housing projects.

- House requires HUD to maintain minimum staffing levels.

- Senate overturns EPA's policy of making payments to capitalize sewage treatment State revolving funds by letter of credit for FY 1989 and beyond.

Interior

- Senate requires the filling of a specific number of positions for administration of the Clean Coal Program.

- House and Senate extend Federal tort claims coverage to tribal organizations and Indian contractors making them almost immune from liability.

- House and Senate prevent the National Park Service from reprogramming funds to maintain law and order in emergencies (Chadha).

- House and Senate have executive impediments such as language to prohibit changing regional boundaries and office locations of the Forest Service and to prohibit implementing proposed eligibility regulations of the Indian Health Service.

- House and Senate place roadblocks before numerous Administration initiatives to improve BIA operations.

- House and Senate language intended to prevent the proposed closure of Phoenix Indian School.

- Senate language intended to prevent the distribution of Johnson-O'Malley education funds according to a formula approved by the majority of recipient tribes.

- House and Senate exclude the Georges Bank OCS area from the offshore leasing program.

- House and Senate require the Secretary of Agriculture to accept specified real property in lieu of repayments in cash for loans made by FmHA.

- House and Senate prohibit the Bureau of Mines from proceeding with the sale of Federal helium operations.

- House and Senate exempt programs funded by the bill from employment ceilings.

Labor/HHS/Ed

- Senate prohibits changes to Title X Family Planning Regulations.

- Senate requires a National AIDS mailing.

- Senate prohibits OSHA from establishing a permanent enforcement presence in California.

- Senate language that could be interpreted to open the availability of Medicare contingency funds to all Medicare administrative activities, including discretionary activities, instead of Medicare contractor workloads.

Legis Branch

- Senate prohibits Executive Branch procurement of any non-GPO printing, prohibits procurement of other printing and reproduction equipment and prohibits establishing new printing facilities.

Mil Con

- None

Transportation

- House and Senate report language that earmarks "new start" transit projects and other discretionary grants for UMTA.

- House and Senate exempt certain highway programs from the Federal-aid highway obligation limitation.

- House and Senate provisions infringe on FAA executive management's ability to specify appropriate levels of safety equipment on aircraft.

- Senate earmarks the use of contract research, discretionary bridge, interstate transfer, and interstate 4R funds for specific recipients.

- House and Senate limit the number of political and Presidential appointees in DOT (House/Senate).

- Senate limits rental payments to the GSA to 100% of the 1987 level. House sets limit at 104% of the 1987 level.

- House holds hostage five percent of funds for the Office of the Secretary (DOT) until two FAA rules are promulgated.

- $86.6 million (House) and $30.6 million (Senate) for numerous special interest highway projects provided on top of States' regular formula allocation and likely to require more Federal funds.

Treasury/Postal

- House earmarks silver receipts for the acquisition of chromium, cobalt, manganese, platinum and upgrades.

- Senate earmarks GSA funds for border station facilities, the Tucson Federal Law Enforcement Building, the EPA Headquarters Office design, and the Baton Rouge Federal Building.

- Senate allows agencies to use unobligated FERS funds for other purposes; House allows the VA Medical Care program to use FERS funds for other purposes.

- Senate expands the coverage of early retirement provisions under FERS to persons who have not served in on-line rigorous positions for 10 years.

- House forces the GSA to acquire commodities in line with old legislated stockpile goals.

- House and Senate exempt 9(b) negotiated wage employees from blue collar pay cap.

- House directs the upgrading of cobalt.

- Senate does not require Secret Service Uniformed Division to absorb the proposed pay raise and OPM not given the discretion to fix rates.

- House prohibits the Customs Service from consolidating regions and districts throughout the country.

- Senate prohibits the apportionment by OMB of funds derived from user fees to fund Customs' overtime inspection services.

- Senate prohibits construction of a regional mail distribution center on a site that Postal Service management has deemed essential to operational needs in New York State.

- House directs GSA to begin planning process to design and construct a facility for SSA in Wilkes Barre, Pa.

- Senate directs the National Critical Materials Council to have and maintain five full time permanent positions and House and Senate have large increases in funding.

Other

- House and Senate have numerous provisions which require Appropriations Committee approval of executive actions thus raising constitutional concerns (Chadha).

- House and Senate have numerous unnecessary and arbitrary staffing floors which impede effective executive branch management of programs.

- House has 3% Federal Civilian pay raise in January 1988 with 65% absorption.

- House requires payment of interest on back pay for Federal employees in certain circumstances.

STATEMENT OF ADMINISTRATION POLICY

November 4, 1987
(House)

H.J. Res. 394, Second FY 1988 Short-Term Continuing Resolution
(Sponsor: Whitten (D), Mississippi)

The Administration does not object to H.J. Res. 394, a simple extension of P.L. 100-120 through December 16, 1987.

The Administration opposes the Bonior amendment and if adopted, the President's senior advisors would recommend that he veto the bill.

The Administration stresses the importance of the budget negotiations with the Congress and looks forward to their successful conclusion. Accordingly, the Administration feels that current law should be extended without amendment. Only this type of continuing resolution, unencumbered with additional and potentially objectionable provisions, would achieve speedy Executive approval and thereby avoid unnecessary and costly disruptions of government.

The Administration also wishes to stress the importance of having the budget negotiations reach a speedy conclusion, and accordingly the President's senior advisors would recommend that he not approve any subsequent additional short-term resolutions.

STATEMENT OF ADMINISTRATION POLICY

December 1, 1987
(House Rules)

H.J. RES. 395: FY 1988 OMNIBUS FULL-YEAR CONTINUING RESOLUTION
(Sponsor: Whitten (D) Mississippi)

The President's senior advisers would recommend veto of the full-year continuing resolution as reported by the House Appropriations Committee. It is deficient for several reasons.

H.J. Res. 395 fails to reflect the budget agreement reached between the President and the bipartisan leadership of the Congress. It is absolutely imperative that funding levels provided in FY 1988 appropriations bills be consistent with the bipartisan budget agreement for domestic, international, and defense spending. Action taken on appropriations bills, in conjunction with reconciliation, must achieve the important and necessary reductions to the deficit.

The resolution also is deficient because it fails to include non-lethal aid to sustain the Nicaraguan democratic resistance while the process leading to security and democracy in Central America unfolds.

In addition, by referencing House-passed or House-reported bills, the continuing resolution includes language provisions that, by themselves, make the resolution unacceptable. The most serious objectionable provisions, any one of which would cause a veto recommendation, are identified in the attachment.

Five items concerning arms control, any one of which would prompt a veto recommendation, can be resolved by amending the provisions to make them consistent with the DOD Authorization Conference Report. These provisions are as follows:

- Prohibit the development, testing, or deployment of an ABM System under certain circumstances (Defense);
- Limit U.S. strategic nuclear forces to the numerical sublimits of the SALT II agreement (Defense);
- Prohibit U.S. nuclear explosions exceeding one kiloton (Defense);
- Impose a one-year moratorium on the testing of the Space Defense System (ASAT) against objects in space (Defense); and

- Prohibit the development or deployment of the Space-Based Interceptor Project (Defense).

The Administration is strongly opposed to efforts expected on the House floor to add entire authorizing bills to the continuing resolution. For example, inclusion of the Fairness Doctrine, which the President has already vetoed, would certainly lead to a veto recommendation. An omnibus continuing resolution is not the appropriate vehicle for legislation that should be debated and enacted separately. Any attempt to ensure passage of legislation in this way would result in a veto recommendation.

Finally, the bill contains numerous other objectionable provisions, any combination of which could trigger a veto. These provisions have been summarized in previous Statements of Administration Policy on each of the bills included in the resolution by reference.

The Administration urges the House to craft an appropriations measure that comports with the bipartisan agreement and is free of extraneous language provisions so that the President's senior advisers can recommend that he sign this legislation.

STATEMENT OF ADMINISTRATION POLICY

MOST OBJECTIONABLE LANGUAGE ITEMS IN FULL-YEAR CONTINUING RESOLUTION, ANY ONE OF WHICH COULD TRIGGER VETO RECOMMENDATION

H.J.RES. 395

Rural Devel

- The Continuing Resolution (CR) deletes the authority of the Secretary of Treasury to disallow any premium-free prepayment of REA-guaranteed FFB direct loans. Must be deleted or modified in an acceptable way.

- The CR prohibits any efforts to alter the method of computing normalized prices for agricultural commodities in effect January 1, 1987, thus blocking Administration efforts to end the water subsidy/price subsidy double-dip. Must be deleted.

- The CR specifies detailed up-front appropriations for each of the CCC farm price support programs. This would be difficult to administer and would likely result in unwarranted delays in providing loans and payments to farmers. Must be deleted.

- The CR precludes sale of loans made by the Agricultural Credit Insurance Fund. Must be deleted.

- The CR denies use of private debt collection agencies in FmHA. Must be deleted.

Com/Jus/State

- The CR prohibits the sale of EDA loans without approval of borrower. Must be deleted.

Defense

- The CR prohibits development, testing, or deployment of an ABM System under certain circumstances. Must be deleted or modified in an acceptable way.

- The CR limits U.S. strategic nuclear forces to the numerical sublimits of the SALT II agreement. Must be deleted or modified in an acceptable way.

- The CR prohibits U.S. nuclear explosions exceeding one kiloton. Must be deleted or modified in an acceptable way.

- The CR imposes a one year moratorium on testing of Space Defense System (ASAT) against objects in space. Must be deleted or modified in an acceptable way.

- The CR prohibits DOD from purchasing foreign-made supercomputers unless the Secretary certifies that capability is not available from U.S. manufacturers. Must be deleted.

- The CR eliminates funding for A-76 studies or contracting-out for any reservoir administered by the Corps of Engineers. Must be deleted.

Dist of Columbia - None.

Energy and Water	-	The CR blocks the Bureau of Reclamation from moving to Denver or reorganizing as planned until Congress can review the plans. Must be deleted or modified in an acceptable way.
	-	The CR includes over 40 unbudgeted construction starts and other add-ons for Army Corps of Engineers water projects. Particularly objectionable is the mandated funding for: (a) the next segment of the uneconomic $1.6 billion Red River Waterway (LA) and (b) Helena Harbor (AR). Must be deleted.
Foreign Ops	-	The CR rescinds $64 million in previously appropriated funds that were commited to Korea which, it is claimed, is the amount of the benefit Korea will receive under the debt restructuring proposal. Must be deleted.
	-	The CR prohibits use of U.S.-supplied military equipment by Turkish troops on Cyprus and codifies the 7:10 ratio of military aid to Greece and Turkey. Must be deleted.
HUD-Independent	-	The CR prohibits selling section 312 direct loans made to rehabilitate single and multi-family units. Must be deleted.
Interior	-	The CR requires that structures on the OCS contain at least 50 percent U.S. materials. Must be deleted.
Labor/HHS/Ed	-	None.
Legis. Branch	-	None.
Mil Con	-	None.
Transportation	-	None.

Treasury/Postal

- The CR directs GSA to acquire a building in Chicago, Ill. and buildings for the EPA and DOT through lease purchase arrangements. Must be deleted.

- The CR requires the expenditure of over $200 million from receipts from surplus silver disposal for the acquisition of chromium, cobalt, manganese, and platinum metals which are not needed to meet national security requirements. Must be deleted or modified in an acceptable way.

Other

- The CR incorporates a 3 percent Federal Civilian pay raise in January 1988, with 65 percent absorption. Must be modified to conform with bipartisan budget agreement.

- The CR, in virtually every Subcommittee, includes numerous provisions which intrude unnecessarily into Executive Branch responsibilities and have been detailed in previous Statements of Administration Policy (such as staffing floors and Chadha issues). Must be deleted or modified in an acceptable way.

STATEMENT OF ADMINISTRATION POLICY

September 10, 1987
(House)

H.R. 442 - Civil Liberties Act of 1987
(Foley (D) Washington and 166 others)

The administration opposes H.R. 442, and the President's senior advisers will recommend that the President veto the bill, should it be presented to him.

The United States has already acknowledged the unjustified personal hardships caused by the internment program undertaken as part of our national defense effort during World War II. In enacting the American-Japanese Evacuation Claims Act in 1948, Congress established a comprehensive and reasonable program of restitution for injuries brought upon persons of Japanese ancestry who were interned. Further payments -- especially those authorized by section 7 of H.R. 442, which would be in excess of $1 billion -- are not warranted.

H.R. 442 is also objectionable because it would inappropriately permit persons of Japanese ancestry who requested repatriation or expatriation to Japan during the internment period to receive compensation. Other objectionable provisions of H.R. 442 include:

-- section 4, concerning pardons for certain criminal convictions, because the Federal Government has already offered to vacate the convictions of persons of Japanese ancestry who violated wartime restrictions; and

-- section 5, concerning agency review of applications for restitution for damages resulting from discriminatory acts during the internment period, because it is vaguely worded and its effect is uncertain.

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(Not to be Distributed Outside Executive Office of the President)

STATEMENT OF ADMINISTRATION POLICY

November 9, 1987
(House)

H.R. 585 - Freedom from Vertical Price Fixing Act of 1987
(Rodino (D) New Jersey and Hyde (R) Illinois)

The administration opposes H.R. 585 and, if it were presented to the President for signature, the Department of Justice would recommend that it be vetoed.

H.R. 585 is objectionable because it would codify the per se illegality of resale price maintenance agreements between manufacturers and customers. While such agreements are, at present, considered per se unlawful, the adoption of such a standard would preclude the courts from continuing to develop the appropriate standard to be used in antitrust cases. In addition, the bill would confuse and possibly harm the developing law of conspiracy by permitting the courts to infer the existence of an unlawful agreement even in the absence of any evidence.

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STATEMENT OF ADMINISTRATION POLICY

November 5, 1987
(House)

H.R. 953 - 1988 Maritime Administration and Federal Maritime Commission Authorizations

The administration opposes enactment of H.R. 953, as amended and passed by the Senate on November 2, 1987, and the President's senior advisors would recommend that he veto the bill if it were presented to him for signature. The bill is objectionable because it would:

-- authorize appropriations for maritime programs totalling $401,297,000 for FY 1988 instead of $331,597,000, as proposed in the President's 1988 Budget;

-- authorize new Title XI loan guarantee commitments after FY 1987 for all categories of vessels; and

-- continue Federal financial assistance for the State maritime schools program.

The administration, however, could accept H.R. 953 -- as passed by the House on June 2, 1987 -- which included a commendable three-year moratorium on Title XI loan guarantees for certain categories of vessels.

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STATEMENT OF ADMINISTRATION POLICY

Revision

February 20, 1987
(House)

H.R. 1056 - Limit on Government National Mortgage Association (GNMA) Fees
(Gonzalez (D) Texas and Frank (D) Massachusetts)

The administration opposes H.R. 1056 because it would:

-- nullify GNMA's announced increase in the amount of the service fee (50 basis points or .50 percent) that GNMA securities issuers must pay to the government from six basis points (.06 percent) to ten basis points (.10 percent), effective March 1, 1987;

-- continue to allow mortgage bankers and other GNMA issuers to receive a larger servicing fee (44 basis points) than they make servicing non-government mortgage backed securities (about 38 basis points);

-- increase the fiscal year 1988 budget deficit by about $52 million and add $596 million to the deficit between now and the end of 1992; and

-- place unnecessary and inappropriate restrictions on GNMA's administrative flexibility.

The planned increase in the fee is intended to shore up GNMA's reserves. The effect would be to redistribute the current 50 basis points GNMA service charge between the government and securities issuers. This would be the first fee increase for the government since the program began in 1970.

If H.R. 1056 were to reach the President's desk, the President's senior advisers would recommend a veto.

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STATEMENT OF ADMINISTRATION POLICY

June 19, 1987
(House)

H.R. 1101 - Labor Protection Provisions for Employees in Airline Mergers
(Mineta (D) California and 76 others)

The administration opposes H.R. 1101, and the President's senior advisers will recommend that he veto the bill if it is presented to him for signature. H.R. 1101 would inappropriately subject most airline mergers to labor protection provisions (LPP's) which would be paid for by the airlines. The Secretary of Transportation already has sufficient authority to impose LPP's when they are warranted.

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STATEMENT OF ADMINISTRATION POLICY

August 5, 1987
(House Rules)

H.R. 1154 - Textile and Apparel Trade Act of 1987
(Rep. Derrick (D) South Carolina and 243 others)

The administration opposes enactment of H.R. 1154. The President's senior advisors will recommend disapproval of this bill if it is presented to the President.

While H.R. 1154 is somewhat different from the version of the bill the President vetoed last Congress, it still would hurt consumers, particularly lower income consumers, provoke retaliation against U.S. exports, violate our international obligations, and undermine our efforts to obtain a more open trading system for U.S. exports.

H.R. 1154 is pure protectionism for an industry which already enjoys the highest level of protection of any industry in the United States and for which additional protection is not necessary.

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STATEMENT OF ADMINISTRATION POLICY

October 30, 1987
(House)

H.R. 1212 - The Employee Polygraph Protection Act
(Williams (D) Montana and 181 others)

The administration opposes the enactment of H.R. 1212, which would ban the use of polygraphs by private sector employers, because it would usurp private sector decisionmaking and is contrary to the principles of Federalism. If this legislation were presented to the President, the Department of Justice and the Office of Management and Budget would recommend that the legislation be vetoed.

The administration firmly believes that the terms and conditions of private employment, to the maximum extent possible, should be decided in the marketplace, and that a nationwide Federal prohibition on polygraph use would be inappropriate. In addition, there would be a need for Federal legislation only if polygraphs were not regulated effectively by the States. Absent that circumstance, any polygraph misuse is more appropriately deterred by States restricting the conditions under which polygraphs are administered. Therefore, the administration is also opposed to H.R. 1536, which would establish a new Federal regulatory program governing standards for the administration of polygraph examinations in the private sector, as an alternative to H.R. 1212. As in the case of H.R. 1212, the Department of Justice and the Office of Management and Budget would recommend that H.R. 1536 be vetoed.

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STATEMENT OF ADMINISTRATION POLICY

November 6, 1987
(Senate)

H.R. 1414 - Price-Anderson Nuclear Liability Insurance System
(Reps. Udall (D) Arizona and Sharp (D) Indiana)

The administration strongly supports reauthorization of the Price-Anderson Act as enacted by the House in H.R. 1414. Renewal of Price-Anderson is critical to the future of nuclear power in the United States and to federally-sponsored nuclear research and national security activities. Nevertheless, the President's senior advisors would recommend disapproval of any Price-Anderson legislation if it were to contain any of the objectionable provisions described below.

The unacceptable provisions would:

-- permit suits against the Federal Government, under the same terms and conditions as would apply to a contractor (i.e., no Federal Tort Claims Act defenses). Such a provision could be construed as a waiver of sovereign immunity and as such would open the Federal Government to vastly expanded liability, and unjustifiably grant preferential treatment to one class of plaintiff seeking damages from the United States;

-- allow the Department of Energy to impose fines on its contractors for violation of Department of Energy safety regulations; or grant the Federal Government subrogation rights, thus allowing it to sue contractors who had caused an accident. Inclusion of penalty or subrogation authority is objectionable because it would strongly discourage experienced contractors from commencing or continuing their work with the Department; and

-- provide for unlimited liability by making the U.S. Treasury the final guarantor of damage compensation that exceeds the approximately $7 billion liability cap.

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STATEMENT OF ADMINISTRATION POLICY

July 21, 1987
(Senate)

S. 1420 - Omnibus Trade and Competitiveness Act of 1987
(Senator Byrd (D) West Virginia)

If S. 1420 is presented to the President in its current form, the President's senior advisers will recommend veto.

The administration objects to the bill because it would create: (1) sweeping procedural changes that would repress trade and investment; (2) violations of our international obligations that would trigger a downward spiral of retaliation; (3) constraints on the discretion of this and future Presidents to formulate international economic policy and conduct negotiations; (4) potential disruptions to financial and labor markets; (5) special benefits to powerful industries; and (6) significant additions to the budget deficit. The net effect of this bill would be to move U.S. trade law in a more protectionist direction.

Although some improvements have been made during floor consideration, many of our fundamental objections to S. 1420 have not been cured.

The President is prepared to work with Congress to develop responsible trade legislation; however, extensive changes would be required to transform this unacceptable bill into an acceptable conference product.

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STATEMENT OF ADMINISTRATION POLICY

October 1, 1987
(House)

H.R. 1567 - Cow Creek Band of Umpqua Indians Fund Distribution
(Rep. DeFazio (D) Oregon)

The administration opposes enactment of H.R. 1567 because it inequitably provides for the distribution of funds to the members of the Cow Creek Band of Umpqua Indians, a group which is neither the modern day successor to the historic Cow Creek tribe, nor substantially made up of descendants of that tribe.

Further, H.R. 1567 could expose the United States to unwarranted financial liability because representatives of Cow Creek descendants who are not members of the beneficiary Band have indicated that they would file a claim against the United States if H.R. 1567 is enacted. Should their claim be successful, the United States would, in effect, pay for the historic Cow Creek claim twice.

If H.R. 1567 is presented to the President in its present form, the Secretary of the Interior will recommend veto.

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STATEMENT OF ADMINISTRATION POLICY

May 1, 1987
(House)

H.R. 1748 - Defense Authorization Act, 1988
(Reps. Aspin (D) Wisconsin and Dickenson (R) Alaska)

The administration opposes House passage of H.R. 1748, as reported by the Committee on Armed Services on April 15, 1987, as well as passage of the Aspin substitute (H.R. 2169). Both contain provisions that seriously undercut U.S. national security and weaken U.S. arms control negotiation leverage. The President's senior advisors will recommend a veto of H.R. 1748 if it retains the restrictive ABM provisions, or H.R. 2169, if either is presented to him in its present form. In addition, the recommendation for a veto on national security grounds will be made if, as expected, amendments are added legislating adherence to SALT II limits, mandating new limits on nuclear testing, and perpetuating the current moritorium on ASAT testing against objects in space.

H.R. 1748 reduces authorizations for national defense programs and contains a limitation on ABM systems (Section 224) that would legislate the so-called "strict" interpretation of the ABM Treaty. These reductions and the restriction undercut essential programs, undermine Presidential authority, and weaken U.S. arms control negotiating leverage at a particularly sensitive time. The administration will seek deletion of the restrictive provision and restoration of authorizations to the full amount of the President's request.

The administration also opposes passage of the Aspin substitute (H.R. 2169), which includes the restrictive ABM provision and would dangerously reduce authorizations for the National Defense Function to a $288.6 billion level. The substitute would result in a third consecutive year of real decline in budget authority, and promote continuing erosion of the nation's defense effort. Authorizations at this level are inadequate to meet current defense requirements, and would not provide a sound basis for meeting our national security needs in the future. Specifically, the Aspin substitute would:

-- Reduce authorization for many strategic programs, including the Strategic Defense Initiative (SDI), the Anti-Satellite (ASAT) System, classified strategic programs, the Short-Range Attack Missile II, the Ground-Launched Cruise

Missile, the Peacekeeper Missile and Rail-Garrison Basing Mode R&D, Trident II (D-5) Missile R&D, the Advanced Cruise Missile, and Department of Energy nuclear program activities;

-- Eliminate all procurement authorizations for important tactical programs such as the Bigeye Binary Chemical Bomb, the Aquila Remotely Piloted Vehicle, the AV-8B Harrier aircraft, and the DDG-51 AEGIS Destroyer, while cancelling the MK-50 Light-Weight Torpedo;

-- Reduce authorizations for tactical programs including the Rolling Airframe Missile, MK-48 Torpedo, Advanced Medium-Range Air-to-Air Missile (AMRAAM), and the Sea Lance Anti-Submarine Stand-Off Weapon;

-- Reduce authorizations for military construction projects by $1.734 billion, deferring and stretching out many projects and eliminating projects in the Philippines and Turkey; and

-- Reduce the pay raise for military personnel to three percent from the four percent requested, and delay the effective date from January 1, 1988, until April 1, 1988.

In addition, both bills propose inappropriate modifications to the Strategic and Critical Materials Stockpiling Amendments of 1987, which would remove the authority of the President to establish critical materials requirements in the stockpile, and would set stockpile requirements at approximately $10 billion above the President's proposed inventories as announced in May of 1985.

The administration is fundamentally opposed to three amendments that are expected to be offered on the floor. These amendments would undermine the credibility of our nuclear forces -- which the Western Alliance must rely on for the foreseeable future to deter aggression -- and would seriously damage our ability to achieve arms control agreements providing for deep, equitable, and effectively verifiable reductions in Soviet and American nuclear arsenals.

The amendment proposing a cutoff of funding for U.S. nuclear testing above one kiloton would:

-- Preclude the very testing needed to maintain the safety, effectiveness, reliability, and survivability of our nuclear weapons, and would not be verifiable.

-- Seriously undercut U.S. initiatives aimed at the essential first step of achieving Soviet agreement to necessary verification improvements to two existing but unratified agreements the Threshold Test Ban Treaty (TTBT) and the Peaceful Nuclear Explosions Treaty (PNET). As the President has stated to the Congress and to General Secretary Gorbachev, once our verification concerns have been satisfied and those treaties have been ratified, the United States -- in association with a program to reduce and ultimately eliminate nuclear weapons -- immediately would propose negotiations with the Soviets on ways to implement a step-by-step parallel program of limiting and ultimately ending nuclear testing. But progress achieved on the U.S. initiatives during the recent meetings of Secretary Shultz and Foreign Minister Shevardnadze would be undercut by the proposed amendment.

An amendment is expected to be proposed that would mandate U.S. compliance with certain limitations in the SALT II Agreement. This agreement has never been ratified, would have expired if it had been ratified, and has been violated by the Soviet Union in numerous and important ways. The amendment would:

-- Tell the Soviet Union that there is no cost to violating solemn agreements. It would allow the Soviets to discard the limitations that constrained them the most, while perhaps choosing to stay within those that constrained the United States the most. Putting into law parts of an agreement that has permited, and would continue to permit, large <u>increases</u> in Soviet strategic forces, would destroy the foundation for deep, equitable, and effectively verifiable <u>reductions</u> that this Administration has been working so vigorously to secure at the negotiating table.

-- Reject the sound current framework of interim restraint pending achievement of a negotiated reductions agreement. The President has stated that the United States will continue to exercise utmost restraint -- not deploying more strategic nuclear delivery vehicles or strategic ballistic missile warheads than the Soviet Union -- but that future U.S. strategic force decisions must be based on the threat we face rather than on the terms of an unratified, expired and violated treaty.

The administration is strongly opposed to any floor amendment that would perpetuate the Soviet monopoly in ASAT capability that now exists. Legislation that would prohibit U.S. testing of ASAT Systems against objects in space by extending the current moratorium would block the testing needed to deploy a U.S. ASAT System similar to the one now deployed by the Soviet Union.

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STATEMENT OF ADMINISTRATION POLICY

July 23, 1987
(House)

H.R. 1811 - Atomic Veterans Compensation Act of 1987
(Rowland (D) Georgia and 66 others)

The administration opposes enactment of H.R. 1811, which would, without scientific justification, establish broad presumptions of service connection for disability compensation purposes for certain radiation-induced diseases. Under existing law, veterans with such diseases are already entitled to compensation benefits when service connection is specifically determined, based on sound scientific and medical evidence.

The Veterans Advisory Committee on Environmental Hazards has concluded that H.R. 1811 does not have a scientific basis, and does not allow for scientific analysis.

If H.R. 1811 were to reach the President's desk, the President's senior advisers would recommend a veto.

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STATEMENT OF ADMINISTRATION POLICY

April 15, 1987

H.R.1827, Supplemental Appropriations Bill, 1987
(Sponsor: Whitten (D), Mississippi)

The Administration has serious objections to the Supplemental Appropriations bill, as reported by the House Appropriations Committee. Unless the bill is amended to provide adequately for defense and foreign assistance, to delete its unnecessary funding increases and restrictive language provisions (especially those that undercut national security and our negotiating leverage), and to be made consistent with the deficit reduction goals of the Gramm-Rudman-Hollings Act, the President's senior advisers will recommend that it be vetoed by the President.

Gramm-Rudman-Hollings Deficit Targets

In accordance with its policy to reduce spending and to meet ramm-Rudman-Hollings deficit targets, the Administration roposed FY 1987 supplementals that offset funding increases with reductions in lower priority programs. The President's net request for this bill was actually a reduction of about $350 million in budget authority. The Committee accepted none of the President's rescissions and proposed few offsets of any sort, thus increasing budget authority by $6.6 billion above the request. The resultant $3 billion increase in FY 1987 outlays is a major breach in the Gramm-Rudman-Hollings law.

Excessive and Unnecessary Funding

The Committee proposes additions of $913 million in unrequested program supplementals, including $425 million for the homeless. There is already substantial funding available for these programs in FY 1987 to meet the needs identified to date. In view of our severe fiscal condition, now is not the time to propose funding increases that are not absolutely essential. If the funds proposed by the President for FY 1987 and FY 1988 to meet the needs of the homeless prove to be inadequate, the Administration will work with Congress to find additional amounts from existing appropriations.

The Administration further objects to the inclusion of H.R. 58, the "Urgent Relief for the Homeless Act," in H.R. 1827. ppropriations bills are not proper vehicles for enacting controversial authorizing legislation.

Defense and Foreign Affairs: Reduced Funding and Restrictive Language Provisions

The Committee bill includes two amendments that would undermine the credibility of our nuclear forces -- on which the Western Alliance must rely for the foreseeable future to deter aggression -- and seriously damage our ability to achieve arms control agreements providing for deep, equitable, and effectively verifiable reductions in Soviet and American nuclear arsenals. The proposed cut-off of funding for U.S. nuclear testing above one kiloton would preclude the very testing needed to maintain the safety, effectiveness, reliability, and survivability of our nuclear weapons. In addition, such a ban would not be effectively verifiable.

The proposal to mandate U.S. compliance with certain limitations in the SALT II Agreement -- which has never been ratified, which would have expired had it been ratified, and which has been violated in numerous and important ways by the Soviets -- would tell the Soviets that there is no cost to violating solemn agreements. It would allow them to discard the limitations that constrained them the most, while perhaps choosing to stay within those that constrained the United States the most. And by writing into law parts of an agreement that has permitted, and would continue to permit, large increases in Soviet strategic forces, we would destroy the foundation for deep reductions that this Administration has been working so vigorously to secure.

The President told Congress, during his State of the Union address on January 27, 1987 that: "Enacting the Soviet negotiating position into American law would not be the way to win a good agreement. So I must tell you in this Congress I will veto any effort that undercuts our national security and our negotiating leverage." These amendments would do just that and, by themselves, would cause the President's senior advisers to recommend that the bill be vetoed. Furthermore, the President's advisers will recommend a veto of any legislation that contains similar provisions.

The Administration also strongly objects to the Committee's approval of only $1.7 billion of the requested $4.1 billion for defense and international affairs. The Committee disapproved additional funding requests for the Strategic Defense Initiative, Chemical Agents and Munition Destruction, and several foreign assistance programs. Furthermore, the Committee has failed to repeal restrictions on other national security programs, such as Anti-Satellite Testing, and has proposed language that restricts the Administration's ability to provide essential assistance to the Central American Democracies.

Domestic Programs: Restrictive Language Provisions

The Administration commends the Committee for deleting objectionable language that would have authorized generic exemptions from water project cost-sharing recently enacted in P.L. 99-662. However, the bill still contains many objectionable language provisions. The most seriously objectionable provisions would:

- Prohibit the use of funds to implement Executive Order 12564 relating to the drug testing of Federal workers;

- Modify the Administration's request for farm price support programs. Most objectionable is language that provides $10 million for conducting a poll of farmers, analyzing farm programs, and measuring agricultural commodities in order to study mandatory production limitations of agricultural commodities. Returning to strong Federal controls offers no hope of providing relief to American farmers;

- Amend the Food Stamps Act to give a small minority of beneficiaries a windfall costing $365 million (FY 1987-1992). Although the provisions purport to aid the homeless, less than 2 percent of the increase would actually go to this target population;

- Prevent the Department of Transportation from proceeding with a rulemaking on the repayment of Construction Differential Subsidies (CDS) that addresses issues raised by a recent court decision, and participating in any judicial proceeding including an appeal of the court decision. If the CDS language is enacted, the government is faced with repaying vessel owners $106 million those vessel owners previously paid to the Treasury, plus $8 million of interest. The Administration has grave concerns over the constitutional and policy implications of these provisions;

- Prevent the Department of Transportation from funding the Amtrak Commission. By killing an Advisory Commission formed to explore policy options, this language is detrimental to sound policy making;

- Restrict severely the ability of the Department of Health and Human Services to implement sound personnel management policies for the Indian Health Service; and

- Fail to treat newly authorized harbor maintenance user fees as an offset against the Army Corps of Engineers operation and maintenance appropriations, as proposed by the Administration. Instead, $67 million is provided in new appropriations.

April 9, 1987
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OBJECTIONABLE PROVISIONS IN THE HOUSE COMMITTEE 1987 SUPPLEMENTAL APPROPRIATIONS BILL

TITLE I - PROGRAM SUPPLEMENTALS

Chapter I - Commerce, Justice, and State, the Judiciary, and Related Agencies

Department of Commerce

General Administration. The Administration's proposal to provide $38.5 million for the closeout of Economic Development Assistance (EDA) and other DOC loan and grant programs was disapproved.

Economic Development Administration. The House disapproved language that would have limited 1987 EDA loan guarantee commitments to $21.9 million.

National Oceanic and Atmospheric Administration. The Administration's request to establish a guaranteed loan limitation of $50 million for the Federal Ship Fund Financing Vessels account was denied.

Also, the House has added an amendment that prohibits obligations of any DOC appropriations for promulgation or implementation of proposed regulations to protect endangered species of sea turtles in the shrimp fisheries off the Louisiana coast. The Administration objects because voluntary use of an excluder device has not been successful and the proposed regulations represent a mediated agreement between the environmental community and the industry for phase-in of mandatory use.

Department of Justice

General Administation and Legal Activities. The $3.3 million request for relocating the Criminal Division to the Bond Building was denied. Funding for this relocation is essential because the building presently occupied is asbestos ridden.

Immigration and Naturalization Services. The Committee should rescind, as proposed, $24.6 million in the (INS) related to immigration inspector salaries. Because the salaries of these inspectors must be paid from receipts deposited in the new Immigration User Fee account, as mandated by Congress in the 1987 Continuing Resolution, appropriated funds for the same purpose are duplicative.

Department of State: United Nations Interim Force in Lebanon

The Administration urges restoration of the $21.6 million cut in the U.S. contribution to UNIFIL. Continued U.S. support is important to the

Middle East peace process and to achieving stability in the region.

all Business Administration

Disaster Loan Fund. The Committee provision would extend eligibility for disaster loans to small businesses in the fishing industry suffering losses as a result of Texas Gulf Coast red tide contamination. Both the 1981 and the 1984 Reconciliation Acts eliminated eligibility for economic losses because it is inappropriate to use the disaster loan program for losses that might be considered a part of normal business risk.

Salaries and Expenses. The Administration's requested $4.1 million reappropriation to extend funds for Small Business Development Centers to FY 1988 has been disapproved.

Maritime Administration:

Ship Construction. The Administration strongly objects to the amendment that prevents the Department of Transportation from: 1) proceeding with a rulemaking on the repayment of Construction Differential Subsidies (CDS) that addresses the issues raised by a recent decision by the Court of Appeals for the District of Columbia, and 2) participating in any judicial proceeding on CDS repayment, including an appeal of the Court of Appeals decision. The Administration has grave concerns over the constitutional implications of this provision. If this amendment is enacted into law, the Government is faced with repaying to vessel owners $106 million that those vessel owners previously repaid to the Government plus $8 million of interest.

Federal Ship Financing Fund. The Committee omitted language calling for no new loan guarantee commitments in FY 1987.

Commission on Civil Rights

The request of $375,000, which the Commission needs to resume its work was denied. The Administration firmly believes the Commission should not only be continued, but funding eventually restored to the historic levels in place before the drastic reduction that was imposed by Congress in FY 1987.

Chapter II- Defense-Military

Strategic Forces Limitation

The President's senior advisers would recommend veto of any legislation that would limit strategic forces based on selected provisions of the flawed and expired SALT II Agreement. As the President has certified to Congress in his reports on Soviet noncompliance, the Soviets have engaged in multiple violations of important provisions of the SALT II Agreement. The U.S. will continue to exercise utmost restraint; however, we must base strategic force decisions on the real and evolving threat we face, not on the terms of an unratified treaty. The proposed legislation would tell the Soviets that there is no cost involved in violating solemn

agreements with the United States. It would allow them to pick and choose among a treaty's numerous provisions to disregard the limitations that constrained them the most while perhaps choosing to stay within those that constrained the United States the most. Moreover, it would write into law parts of an agreement that has permitted, and would continue to permit, large increases in Soviet strategic forces, thereby destroying the foundation for deep, equitable, and effectively verifiable reductions that this Administration has been working so vigorously to secure.

Nuclear Testing Limitation

The President's senior advisers also would recommend a veto of any legislation restricting U.S. nuclear tests to one kiloton or less. This restriction would bar testing necessary to maintain the safety, reliability, effectiveness, and survivability of the U.S. nuclear deterrent. In addition, it would not be effectively verifiable. It would undercut U.S. initiatives aimed at achieving Soviet agreement to necessary verification improvements to two existing but unratified agreements — the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty, which is the essential first step in any process whose objective is nuclear testing limitations that strengthen global stability and security. As the President has stated to Congress and to General Secretary Gorbachev, once our verification concerns have been satisfied and those treaties have been ratified, the United States — in association with a program to reduce and ultimately eliminate nuclear weapons — immediately would propose negotiations with the Soviets on ways to implement a step-by-step parallel program of limiting and ultimately ending nuclear testing.

Strategic Defense Initiative

The Committee disapproval of a $500 million request for SDI is strongly opposed. Funds for SDI are required for the development of a heavy lift launch vehicle (important for SDI and other U.S. space programs) and for the validation of many technologies important to our national security. The House is also urged to repeal the restriction preventing the establishment of a federally-funded research and development center in support of SDI.

Chemical Agents and Munitions Destruction

The Administration strongly opposes the House disapproval of $500 million for this program ($250 million in Defense Procurement and $250 million in Military Construction). These funds are required to carry out Section 1412 of the 1987 Defense Authorization Act (P.L. 99-145), that directs the Department to destroy the complete unitary chemical stockpile by September 1994.

Anti-Satellite Testing

The Administration urges Congress to reconsider and repeal the provision that restricts Executive branch flexibility to conduct testing of the Space Defense System against objects in space.

nuary 1, 1987 3 Percent Military Pay Raise

The House is urged to restore the $99 million needed to fully fund the 3 percent military pay raise.

Chapter III- Energy and Water Development

Army Corps of Engineers

The Administration commends the Committee for deleting objectionable language that would have authorized generic exemptions from water project cost-sharing recently enacted in P.L. 99-662. The Committee would, instead, require reports from the Secretary of the Army on decisions related to application of the new cost-sharing provisions. We do not object to these reporting requirements.

The Administration does, however, oppose authorization of construction of the uneconomic San Timoteo Creek (CA) flood control project, estimated to cost $25 million.

Harbor Maintenance Trust Fund. The President's Budget requested that previously authorized user fees of $67 million be appropriated to offset the Operations and Maintenance budget. The Committee would appropriate these funds as an addition to the current funding level for O&M activities, increasing the program level by $67 million.

Construction and General Investigations. The bill directs the Secretary of the Army to allocate available funds to initiate construction on nine projects and begin work on seven studies, all of which the Administration has previously objected to because of the lack of Federal interest or the low priority of project outputs. Futhermore, the Committee's actions will exempt specific water projects from applicable cost-sharing as authorized in P.L. 99-662.

Department of Energy: Energy Supply, Research and Development.

The Committee report includes $1.2 million for additional testing of Mod-5B turbine in Hawaii, which the Administration believes is the responsibility of the Hawaiian Electric Company. Furthermore, funds have already been provided for acceptance testing.

Bureau of Reclamation, Interior:

The Bill directs the Secretary of the Interior to undertake certain low-priority construction activities with $9.1 million in funds appropriated by P.L. 99-591. The Administration objects to this provision because it restricts administrative discretion in efficiently allocating construction funds and it will result in a reallocation of funds from higher-priority construction activities.

The Administration also objects to the transfer of $570,000 from unobligated balances in the Construction program to fund a new loan.

This is inconsistent with the Administrations policy to fund projects substantially underway or near completion before funding new activities. Completion of this loan will require substantial outyear funding of $17.6 million not included in the President's Budget.

Chapter IV- Foreign Assistance and Related Programs

Multilateral Development Banks

Supplemental funding of $42.2 million for the International Finance Corporation (IFC), which was not included in the Committee mark, is important to continue IFC support for private sector investment in developing countries. Private investment is particularly important in less developed countries (LDCs) burdened with large debt repayments because it allows LDCs to develop export industries and, thus, obtain the foreign currency needed to service their enormous debt.

Economic Support Fund

Assistance for Central American Democracies. The bill approves the $300 million that was requested for assistance for Central American Democracies, offset by transfers from the Department of Defense. However, the Committee has added language severely restricting the way these funds can be used and the countries to which they apply.

Assistance for Southern Africa. The Committee earmarked $50 million of existing appropriations for Southern Africa instead of appropriating an additional amount. All funds are directed outside the Republic of South Africa which would prevent aid to the victims of apartheid. Moreover, the language would exempt other aid to Africa from the reprogramming of existing ESF funds that will be necessary to accomplish this earmark.

Foreign Military Sales Credit

The Administration opposes the Committee's amendment to place a moratorium on Foreign Military Sales Credit Debt Restructuring. By restricting countries from prepaying their debt, this action could decrease government receipts by $1.8 billion in FY 1988. Furthermore, the moratorium could severely restrict the President's ability to manage this program and could make it difficult for recipient countries, which are faced with high debt service levels, to meet other social and economic needs.

The Administration also opposes the Committee's disapproval of $200 million to fund part of the shortfall under the base rights agreement with Spain. As a result, Spain would be funded at less than one-third the level called for in the agreement.

itary Assistance

The Committee cut $211 million from the request. Consequently, portions of important programs for Kenya, Morocco, Portugal, Somalia, Turkey, El Salvador, Honduras, and Guatemala will not be funded.

Guarantee Reserve Fund

The Committee proposes that two fully committed foreign aid accounts be used to pay defaults normally covered by the depleted Guarantee Reserve Fund. This action is unnecessary.

Chapter V- Housing and Urban Development and Independent Agencies

Department of Housing and Urban Development

Transitional Housing Demonstration. The $30 million unrequested appropriation rapidly expands a new demonstration program begun in FY 1987, without waiting to determine its effectiveness. This add-on, which increases funding six times over the enacted level of $5 million, throws a lot of money at a demonstration program quickly rather than prudently doing some demonstrations and then determining what further actions are needed.

Assisted Housing: Section 236 and Rent Supplement. The Committee has failed to act on two requests in the President's supplemental request. The first is to reduce Section 236 uncommitted balances by an additional $2.7 million, and the second is to reduce Rent Supplement uncommitted balances by an additional $14.4 million. These amounts reflect routine recaptures of cancelled Section 236 and Rent Supplement funds due to conversion to Section 8 contracts.

Subsidized Housing Carryover. The President's request for a $90.7 million reduction in loan limitations for Section 202, Housing for the Elderly or Handicapped, was not accepted. Even with this reduction, the total loan limit of $502 million would fund 10,000 units of Section 202 housing in 1987, a sufficient number given the other housing programs serving the elderly and handicapped. The President's request to carry over $238.8 million of accompanying Section 8 rental subsidies into 1988 (for the 2000 Section 202 units) was also rejected, as was a similar request to carry over $437 million in public housing modernization funding from 1987 to 1988.

Grants for Facilities to Assist the Homeless. The Administration opposes the $75 million new grant program to build facilities for the homeless. Existing programs, such as the $3 billion Community Development Block Grant program and FEMA emergency food and shelter grants, already provide funds available for emergency housing for the homeless. In addition, the facilities which are likely to be identified for this program may be inconveniently located and inappropriate for addressing the particular needs of homeless persons.

Emergency Shelter Grants Program. The unrequested appropriation of $100 million rapidly expands a new program, just begun in FY 1987, without waiting to see whether it is effective. It increases funding 10 times over the enacted level of $10 million and duplicates the FEMA Emergency food and shelter program but with a less efficient delivery mechanism (States versus charities/voluntary organizations).

Permanent Housing for Handicapped Persons. The unrequested $25 million

for a new program of grants to States for permanent housing for homeless handicapped persons is unnecessary. Not only does it narrowly target a specific group, i.e., homeless people who are handicapped, but it duplicates existing programs (Section 202 Housing for elderly and handicapped).

Environmental Protection Agency

The Committee bill proposes to release $1.2 billion held in reserve pending Clean Water Act reauthorization. This is $400 million more than the President's budget proposed, would increase outlays by $270 million through 1990, and could fund many lower priority activities identified in the President's veto of the reauthorization.

The Committee bill also proposes to transfer $30 million from the Construction grants account to the Salaries and expenses and Abatement, control, and compliance accounts, to implement the 1987 Amendments to the Clean Water Act. Although the Administration does not object to a transfer, EPA has not yet prepared an estimate of additional FY 1987 needs. Thus, any supplemental at this time is premature.

Federal Emergency Management Agency: Emergency Food and Shelter Program

The unrequested appropriation of $50 million is unwarranted. Congress has already enacted appropriations of $115 million for this program, including $45 million in P.L. 100-6, which was enacted on February 12, 1987. Only $16 million of the $115 million appropriation had been spent as of March 1; the rest will be spent during the spring and summer months. The enacted appropriation of $115 million, which is the highest in history for this program, appears sufficient for FY 1987.

Veteran's Administration

Veterans Job Training. $30 million is provided for the Veterans Job Training programs. The Administration opposes any additional funding for this program, since it is no longer necessary and duplicates services of other job programs that the Administration supports.

Medical Care. $150 million in unneeded funds is being provided for veteran's medical care. This includes Congressional inaction on the Administration's proposed rescission of $75 million plus $75 million in unrequested pay costs.

Chapter VI- Department of the Interior and Related Agencies

Department of Interior

Bureau of Indian Affairs: Operation of Indian Programs. The Administration objects to language prohibiting BIA from initiating tuition fees at Bureau postsecondary schools and from implementing a flat-rate administrative fee of 15 percent on Indian Self-Determination Act contracts. The tuition fees are necessary to maintain current post-secondary school operating levels within budget, and the flat administrative fee will simplify and improve contract funding mechanisms

that are currently a burden to both BIA and Indian tribes.

National Park Services: Land Acquisition. Unrequested funding of $13.9 million is provided for acquisition of lands in the state of Washington to be conveyed to the State in exchange for State-owned submerged lands in Olympic National Park. Not only is this a low-priority acquisition for the benefit of one state, but funds for the Congaree Swamp National Monument should be paid from amounts requested for deficiency court awards and reprogrammed from other available funds.

Energy Conservation, Steel-Making Technologies. The Committee added $2.8 million for new steel-making technologies at the National Laboratories. Not only does this project lack a coherent research plan, but the additional funds could not be used in FY 1987.

Indian Health Services

The bill contains language to prohibit the use of personnel ceilings or any other means of reducing Indian Health Service FTE's without Congressional approval. This language restricts Executive Branch ability and willingness to use labor saving automation and new technology to cut down on unnecessary paperwork and to adapt to urgent situations. Rather than adopting status quo personnel levels that limit the ability of the Indian Health Service and the Department of Health and Human Services to implement personnel management policies, unjustified claims by affected staff should be appraised critically.

Chapter VII- Departments of Labor, Health and Human Services, and Education, and Related Agencies

Department of Labor

Community Service Employment for Older Americans. This unrequested supplemental adds $10 million to subsidize an additional 1,940 part-time minimum wage jobs for low-income older Americans. The current appropriation of $326 million is more than adequate to meet all program needs. Furthermore, the Department of Labor will shortly be sending a report to Congress, substantiating that actual per-job costs are approximately 6.5 percent below the budgeted level.

Summer Youth Employment: Training and Employment. The Committee rejected the proposal to rescind $100 million of the $750 million available for jobs for youth in the summer of 1988 and provided that $50 million should be used for the summer of 1987. As the Committee report notes, $126 million of the $825 million provided for the summer of 1986 was not used. Including the unrequested $50 million, $811 million would be provided for 1987 — far more than is needed for the program.

Trade Adjustment Assistance: Training and Employment Services. The $20 million unrequested supplemental for Trade Act Training is for workers certified as having lost their jobs due to import competition. $29.9 million has already been appropriated in FY 1987 and more than $200 million in unexpended balances is available through the Job Training Partnership Act, Title III, which serves dislocated workers.

Furthermore, an additional $200 million, already appropriated, will become available on July 1, 1987. There is substantial flexibility within existing levels to meet Trade Act training needs.

State Unemployment Insurance and Employment Service Operations. The bill adds $100 million for state administrative costs of unemployment insurance and $30 million for state processing of paperwork for the Targeted Jobs Tax Credit program. Since states have been absorbing these costs with no adverse programmatic impact, there is no evidence that a supplemental is necessary.

Department of Education

Vocational and Adult Education. The bill adds $1 million to support vocational education curriculum coordination centers, which represents more than a 20 percent increase of the funding level of the centers in FY 1986. Moreover, the Administration believes that all that is required is a language supplemental to permit some of the existing 1987 appropriation to be used for the curriculum coordination centers.

Higher Education. The bill includes $1 million for unspecified urgent projects at Historically Black Colleges and Universities. The Administration is unaware of any such emergency needs that cannot be satisfied by the existing 1987 or requested 1988 appropriations of $50.7 million each year for this program. The bill also includes $2.3 million for international education and Javits fellowships, two unnecessary, low-priority programs for which additional funding is not warranted.

College Housing Loans. The Committee failed to adopt requested language prohibiting new college housing loan commitments of $60 million during FY 1987. These low-interest loans are costly and a very low priority for the Federal government.

College Construction Loan Insurance Association. The Administration objects to the bill's $20 million appropriation to fund the newly established College Construction Loan Insurance Association. Responsibility for college construction financing should rest with the private sector. Sufficient private capital is available to capitalize the new corporation without Federal stock purchases.

General Provisions. The bill does not include language, proposed by the President, that would make 1987 Education Department funds for the Federated States of Micronesia and the Marshall Islands available for immediate obligation. Without this amendment, these two governments face potentially serious disruptions to their school operations this spring because the Department of Education has no authority to release 1987 funding that currently is not available for obligation until July 1, 1987.

...alth and Human Services

Community Services Block Grant. The Committee's addition of $45 million to carry out sections of H.R. 558 (Urgent Relief for the Homeless Supplemental Appropriations Act of 1987) is not needed by Community

Action Agencies (CAA's), which would receive most of the funding. CAA's could expand services to the homeless now without waiting for this additional money since they have wide latitude in spending existing CSBG money, and this appropriation would be only 1.5 percent of their total resources. CAA's could easily fund homeless projects without it. Since the percentage increase is small, current latitude within CAA's would allow these agencies to offset expenditures.

Work Incentives Program (WIN). The Committee has added $35 million to finance WIN for the last quarter of FY 1987. States can use existing resources for this purpose if they choose. No additional financing of WIN is justified because GROW (Greater Opportunities through Work) — the Administration's proposed work program that will replace WIN — is a better approach to helping AFDC recipients and because WIN has not proved to be an effective program. The GROW proposal is currently being reviewed by Congress.

Maternal and Child Care. The Committee has increased funding for this program $37.5 million above the President's request of $478 million.

Alcohol, Drug Abuse and Mental Health. The Committee has included $25 million for community-based mental health services. Given the availability of $495 million in Alcohol, Drug Abuse, and Mental Health Block Grant funds and the proposed $5 million FY 1988 increase for the Community Support program, additional FY 1987 funding is not necessary.

The Committee has also recommended a $750,000 supplemental in addition to the $15 million appropriated for mental health clinical training in FY 1987.

The Administration sought authority to obligate $5 million of the $1.3 billion FY 1987 appropriation for use in FY 1988. The proposal has not been approved by the House.

National Institutes of Health. The Committee has recommended a $1.8 million supplemental in addition to $177 million already appropriated for the National Institute on Aging in 1987.

The Administration sought authority to obligate $334 million of the $6.2 billion FY 1987 appropriation for FY 1988. The proposal has not been accepted by the House.

Family Social Services. Although the bill approves the President's recommended transfer of $43.6 million in unobligated balances to Family Social Services for the Foster Care and Adoption Assistance Programs, it includes an additional $78.7 million in new budget authority, rather than other transfers and reprogrammings.

AIDS Research. The Committee has not approved the President's request to permit the Secretary of HHS to transfer up to $100 million of discretionary funds otherwise available in FY 1987 to the Public Health Service for AIDS research and education activities.

Medicare. The Administration requested a $10 million supplemental to

implement an alternative physician reimbursement system. Failure to fund this supplemental will impair that policy objective.

Health Resources and Services Administration. The Committee added an unrequested $75 million to fund a largely duplicative categorical grant program in the Health Resources and Services Administration to provide health care services to the homeless. Currently, several federal programs — community health centers, migrant health centers and the Hill-Burton uncompensated care program — in addition to State and local efforts, provide an array of health care services to indigent and homeless individuals.

Chapter VIII- Legislative Branch

No objectionable provisions.

Chapter IX- Military Construction

Chemical Agents and Munitions Destruction

The Committee has rejected the Administration's request of $500 million for this program (as described in the Defense chapter), $250 million of which was to be available from the Military Construction appropriations bill.

Chapter X- Rural Development, Agriculture, and Related Agencies

Department of Agriculture

Rural Electrification and Telephone Revolving Fund. The Committee rejected the proposed direct loan level reduction of $319 million and guaranteed loan level reduction of $531 million. The House also rejected a proposed direct loan reduction of $28 million for the Rural telephone bank. Outlay savings from these proposals would total $200 million in 1987. This supplemental proposal was part of a larger package of reforms designed to reduce the excessive cost of REA credit, yet provide a mechanism for borrowers to meet their needs through private credit. Beginning in FY 1988, most borrowers would be eligible for a newly proposed program offering a 70 percent REA guarantee of privately originated loans. Since most current REA direct loan borrowers also borrow privately, this would ensure access to private credit, yet reduce unnecessary Federal outlays.

Farmers Home Administration. The Committee rejected a proposed direct loan level reduction of $1.5 billion in the Rural housing insurance fund and a reduction of $319 million in the Rural development insurance fund. These reductions would have resulted in outlay savings of almost $800 million in FY 1987. These proposals were designed to reduce the size and scope of Federal programs and their adverse impact on the management of future fiscal policy and deficit targets. The most efficient way to manage construction of both housing and community facilities is to rely

upon the private credit market, not Federal loans and grants. Housing vouchers were proposed to assist more efficiently and effectively low-income families needing improved housing.

The bill appropriates $3 million for a grant to the Red Ark Development Authority in Oklahoma, an unrequested and unnecessary project.

Furthermore, the bill allows the Secretary discretion to adjust interest rates on nonsubsidized loans. The Administration has consistently opposed such adjustments.

Office of the Secretary: Study Investigating Needed Changes in Farm Programs. The Administration has submitted its own farm reform proposals to Congress and opposes the $10 million study for analysis and for taking a poll of farmers concerning the desirability of mandatory production limits under farm price support programs.

Commodity Credit Corporation. The budget requested permanent, indefinite borrowing authority for CCC. The bill has language that reimburses CCC for net realized losses sustained and estimated through the end of FY 1987.

The bill also increases disaster payments mandated in the Continuing Resolution by $135 million. This is in direct contradiction to the Administration's policy of expanding crop insurance in lieu of disaster payments.

Furthermore, the bill transfers 5 percent ($20 million) of Conservation Reserve Program funds to the Soil Conservation Service for technical assistance activities. This is unnecessary because adequate staff resources are available to perform these conservation purposes.

Buildings and Facilities. The Administration believes the $16.2 million proposed by the House for construction of a new agriculture science and industrial facility at Penn State University is unnecessary.

Food and Drug Administration: AIDS Research. The bill provides an additional $1.5 million for FDA AIDS related activities. The FY 1988 President's Budget provided the full HHS FY 1987 AIDS funding request, which was the result of extensive deliberations and planning within HHS, and represents the best judgment of HHS scientists as to an effective strategy against AIDS. The Administration is concerned that additional projects, which are not in HHS' plan, may not be effective. In addition, the Committee did not approve the President's request to permit the Secretary of HHS to transfer up to $100 million of discretionary funds available to the Public Health Service, within HHS, for AIDS research and education activities.

Food and Nutrition Service: Child Nutrition Programs. The bill would amend current law to allow prestigious, high-tuition, private schools to be subsized by School Lunch and Breakfast programs. Current law places a reasonable cap on tuition charged by participating schools - only schools that charge students less than $2 thousand a year (indexed for inflation) may receive Federal subsidies.

apter XI- Department of Transportation and Related Agencies

Grants-in-aid for Airports. The bill increases the program's obligation limitation by $25 million, and increases the liquidating cash appropriations by $118 million without identifying necessary outlay offsets.

Federal Highway Administration. The bill adds $23 million to fund five special interest highway projects, all of which the Administration thinks are unnecessary. These projects should be funded from states' formula allocation, not separately. Moreover, the 100 percent federal funding for these projects is not subject to the spending control of the annual obligation limitation. Furthermore, it transfers $16 million of these funds from the Motor Carrier Safety Grants, funds that the Administration proposed to apply toward needed liquidating cash for the Motor Carrier Safety Grant Program.

National Highway Traffic Safety Administration. The Administration opposes the unnecessary $1 million increase for operations and research.

Federal Aviation Administration: Operations. The House report includes language directing the FAA to require the installation of cockpit voice recorders and flight data recorders on commuter aircraft, thereby circumventing a less inclusive rulemaking that the FAA is considering.

Amtrak. The Administration strongly objects to the Committee amendment that prohibits the Department of Transportation from funding the Amtrak Commission. By killing an advisory commission formed to explore policy options, this language is detrimental to sound policy making.

Chapter XII- Department of the Treasury, Postal Service and General Government

Department of the Treasury

Bureau of Alcohol, Tobacco, and Firearms. The bill provides an unnecessary $10 million for 100 additional employees and new equipment.

Customs Service: Air Interdiction Program. The Committee has disapproved the Administration's request to delay the availability for obligation of $32 million in no-year funds appropriated in FY 1987 until FY 1988.

General Service Administration

The Administration opposes the Committee amendment to prevent GSA from disposing of the unneeded Customs House in Boston, MA. The proposal interferes with the President's authority to manage Federal real property.

TITLE II AND TITLE III - INCREASED PAY COSTS AND INCREASED RETIREMENT COSTS

The Administration requested Congressional action to transfer funds totaling $341.4 million to fund part of the cost of the pay raise and the Federal Employment Retirement System (FERS). The Committee has ignored many of the Administration's requests and has appropriated new funds or proposed unrequested transfers to fund pay and FERS.

TITLE IV - URGENT RELIEF FOR THE HOMELESS

The Administration has serious objections to the inclusion of $425 million for projects to help the homeless. Not only has the House proposed to expand demonstration programs that have not yet proven to be effective, but they have proposed new programs that duplicate the functions of existing ones. Furthermore, it is possible that recipient grantees could use appropriations to offset planned homeless projects, rather than expand services to the homeless. The Administration believes there are already substantial funds available in existing programs to meet the needs of the homeless. Should these amounts prove to be inadequate, the Administration will work with the Congress to find additional amounts from existing appropriations.

The Administration further objects to the inclusion of H.R. 558, the "Urgent Relief for the Homeless Act," in H.R. 1827, the Supplemental Appropriations Bill. Appropriations bills are not proper vehicles for enacting controversial authorizing legislation.

TITLE V - GENERAL PROVISIONS

The Administration strongly opposes the Committee proposal to prohibit the use of funds to implement Executive Order 12564, relating to the drug testing of Federal workers.

STATEMENT OF ADMINISTRATION POLICY

final as revised by legislative affairs 9/29/87: A.M.

September 28, 1987
(House Rules)

H.R. 2310 - Airport and Airway Improvement Amendments of 1987
(Mineta (D) California and 7 others)

The administration strongly supports the reauthorization of the Airport and Airway programs. However, the President's Senior Advisors will recommend that the President veto H.R. 2310 if it is amended to remove the Airport and Airway Trust Fund from budget totals and statutory budget limitations. Specifically, the Administration opposes H.R. 2310 unless it is amended to:

-- Eliminate the penalty provisions that restrict the recovery of air traffic controller workforce salaries and other Federal Aviation Administration (FAA) operational expenditures from the Trust Fund. Past penalty provisions have only resulted in shifting the cost of aviation programs from the aviation user community to the general taxpayer, and, unless eliminated, this inappropriate shift of expenses will continue, with the strong likelihood of ever increasing Trust Fund balances;

-- Eliminate the requirement that aviation taxes be reduced if certain appropriations are more than 10 percent below authorization levels and if the uncommitted balance in the Trust Fund is above $2.0 billion, since this would reduce our ability to meet future year operational and capital requirements from the Trust Fund;

-- Authorize appropriations of $5.1 billion for fiscal years 1988-1992 for airport grant funding (instead of $8.6 billion);

-- Eliminate the provision that would prevent the use of sealed bids and preclude the consideration of price in procuring architectural and engineering services;

-- Eliminate the provisions setting aside 10 percent of grant funds for specific categories of businesses.

Further, the administration opposes the addition of any extraneous subjects to the bill that would interfere with swift renewal of FAA programs critical to aviation safety and needed capacity enhancements or that would extend the Essential Air Service air carrier subsidy program.

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STATEMENT OF ADMINISTRATION POLICY

July 21, 1987
(House)

H.R. 2470 - Medicare Catastrophic Protection Act of 1987
(Reps. Stark (D) California, Gradison (R) Ohio, and Waxman (D) California)

The President continues to support legislation providing for acute care, catastrophic illness protection for the elderly through the Medicare program. This protection must be self-financed, actuarially sound, and affordable for Medicare beneficiaries. Unfortunately, the President's call for this catastrophic protection is being used by some as a vehicle for expanding coverage unrelated to his goal, driving up premiums and taxes for middle income Medicare beneficiaries and placing the financial solvency of the trust funds at great risk.

The President's senior advisors will recommend a veto of H.R. 2470, if the following concerns are not addressed satisfactorily:

-- a staggering long-term tax increase on the middle income elderly and disabled. The use of this complicated and unnecessary surtax in the income tax code would substantially increase the tax burden and filing complexity for the nation's social security recipients.

-- an excessive surtax and premium increase that on average would add over 150 percent -- $420 -- to the current law 1989 annual premium of $280 per enrollee. By the year 2000, the estimated annual payment increase necessary to finance the bill's benefits would be in excess of $1,200 for each Medicare enrollee.

-- a Medicare outpatient prescription drug amendment. The drug benefit is a prohibitively expensive Medicare expansion unrelated to financial catastrophes, with an estimated first year cost of $5.8 billion.

-- additional expansions of Medicare beyond acute care catastrophic coverage. For example, the addition of a respite (in-home) care benefit and the expansions of skilled nursing facility and outpatient mental health coverage will cause out-year costs to increase substantially.

-- other changes unrelated to acute care protection such as requiring the States to pay Medicare deductibles, premiums, and copayments for elderly not now covered.

The Departments of Health and Human Services and Treasury project the annual costs of the House bill's massive Medicare expansions would soon exceed revenues, producing an annual shortfall of $2 billion by 1995. By the year 2005, the total cost of the bill would be nearly $100 billion, adding $20 billion to the deficit in that year alone. Such shortfalls further threaten the future solvency of the Medicare trust funds.

STATEMENT OF ADMINISTRATION POLICY

September 25, 1987
(House)

H.R. 2530 - Mississippi National River
(Rep. Vento (D) Minnesota and seven others)

The administration opposes enactment of H.R. 2530. The resources in the proposed 69-mile long national recreation area, along the Mississippi River as it flows through the Twin Cities metropolitan area, should be acquired and conserved by state and local governments to the extent they determine appropriate. A Federal management scheme for this area is not warranted. Furthermore, the bill would duplicate existing regulatory authority of the Corps of Engineers and could hamper or greatly confuse the Corps' operation and maintenance of the Mississippi River navigation project in the Twin Cities area. Finally, the Department of Justice has advised that H.R. 2530 raises serious constitutional concerns by the manner in which it grants authority to a commission, whose members would not be appointed by the President, to prepare a resource management plan for the proposed Mississippi National River and Recreation Area. Accordingly, if H.R. 2530 were enacted in its current form, the Department of Justice would recommend that the President disapprove the bill.

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STATEMENT OF ADMINISTRATION POLICY

July 30, 1987
(House Rules)

H.R. 2686 - National Development Investment Act
(Savage (D) Illinois and 39 others)

The administration strongly opposes enactment of H.R. 2686 and, if presented to the President, his senior advisers would recommend its disapproval.

H.R. 2686 would authorize appropriations of $276 million for Economic Development Administration (EDA) and $162.4 million for Appalachian Regional Commission (ARC) programs in each of fiscal years 1988-1990. The administration has proposed to terminate both the EDA and ARC programs, because they have been ineffective in stimulating economic development while adding to the Federal deficit. The administration believes that local economic development is best fostered through sound economic growth, regulatory relief, fiscal constraint, and funding by local governments when appropriate.

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STATEMENT OF ADMINISTRATION POLICY

December 10, 1987
(House)

H.R. 2790 - Public Buildings Amendments of 1987
(Howard (D) New Jersey and five others)

Although the administration supports many of the provisions of H.R. 2790 -- such as various public buildings proposals made by the General Services Administration (GSA) -- it opposes section 5 ("time financing"), which would authorize GSA to issue debt instruments with terms of up to 30 years for purchase by the Secretary of the Treasury for the construction and acquisition of Federal buildings. The President's senior advisers will recommend disapproval of H.R. 2790 if its time financing features are not eliminated.

The financing authorized by section 5, and the inevitable proliferation of federally-owned buildings that would follow, is highly objectionable for several reasons. For example, it:

-- would seriously undermine essential budgetary controls, as GSA would be permitted to obligate and spend funds without reflecting their costs in the budget in the year when they occur;

-- would not result in any savings, as claimed by proponents of the concept;

-- would reduce administrative flexibility by locking the Government into Government-owned buildings;

-- is contrary to the administration's privatization efforts; and

-- would encourage wasteful "pork barrel" spending.

Accordingly, H.R. 2790 should not be considered under suspension of the rules and should instead be amended to delete section 5 in its entirety. In addition, the administration will work in the Senate to review and, where necessary, eliminate other potentially objectionable provisions of the legislation (e.g., limitations contained in section 3 on GSA's leasing authority).

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STATEMENT OF ADMINISTRATION POLICY

October 5, 1987
(House)
(REVISED)

H.R. 2897 - Federal Trade Commission Authorization
(Luken (D) Ohio and 16 others)

The administration opposes the enactment of H.R. 2897 unless it is amended to deal in a satisfactory manner with the objectionable provisions listed below; the Director of the Office of Management and Budget would recommend that the President veto H.R. 2897 unless it is so amended:

-- Section 107, which would unnecessarily and inappropriately restrict the Federal Trade Commission's (FTC) ability to intervene in Federal agency and State and local government proceedings.

-- Title II, which would inappropriately fragment regulation of air carriers' advertising and consumer protection practices between the Department of Transportation and the FTC.

-- Section 105, which would prohibit the FTC from conducting any study or investigation of agricultural marketing orders or from conducting any study, investigation, or prosecution of agricultural cooperative activities which are currently exempt from antitrust law.

-- The reporting requirements found in subsections (2),(3), (4), and (9) of section 111 (b) and subsections (2),(3),(4), and (9) of section 112(b) because they could require the disclosure of internal agency deliberations involving the performance of law enforcement functions; and

-- Sections 110 (advertising study), 114 (lifecare home study), 115 (Native American arts and crafts) which, by requiring specific studies or monitoring activities, would limit the flexibility of the FTC to utilize appropriated funds in the most cost effective manner.

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STATEMENT OF ADMINISTRATION POLICY

AS SENT TO THE HILL
ON 10/21/87.

October 21, 1987
(House)

H.R. 2939 - Independent Counsel Amendments Act of 1987
(Rodino (D) New Jersey and six others)

The administration opposes enactment of H.R. 2939. The bill does not comport with constitutional requirements and is otherwise objectionable for the reasons stated by the Department of Justice in its letter of August 31, 1987, to the House Judiciary Committee. If presented to the President in its current form, the Department of Justice and the Office of Management and Budget would recommend a veto of the bill.

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STATEMENT OF ADMINISTRATION POLICY

September 14, 1987
(House Rules)

H.R. 3030 - Agricultural Credit Act of 1987
(Rep. de la Garza (D) Texas)

The administration supports a legislative effort to strengthen the Farm Credit System (FCS) in a manner that minimizes cost to the taxpayer. In this regard, H.R. 3030 would take some positive steps. At the same time, however, the bill contains a number of highly objectionable and unacceptable provisions which would have to be deleted or substantially amended before the administration could support it. Without such changes, the President's senior advisers will be forced to seriously consider recommending that H.R. 3030 not be signed. In such a case, the administration would urge the use of existing law to assist the FCS until acceptable legislation can be enacted.

The administration urges that H.R. 3030 be amended in several aspects to redress the following problems:

-- The secondary market provisions in Title III should be deleted. They would destabilize the FCS, expose the taxpayers to an excessive future liability, reduce the ability of the System to work out its problems, and diminish FCA's ability to help troubled farmers.

-- Title II, affecting FmHA, extends the borrower's rights to remain on his farm and receive farm operating and family living expenses paid from the sale of security property. In addition, Title II would force rigid debt restructuring, require mandatory mediation, create a secondary market for certain FmHA loans, and adversely affect the sale of Rural Development loan assets. These provisions would cost up to $750 million per year, and would have no bearing on the primary purpose of H.R. 3030, which is to keep the FCS solvent.

-- Title I of H.R. 3030 imposes similar costly and intrusive forbearance and "borrowers rights" provisions on the FCS that would weaken the FCS, rather than enhance its ability to work out its problems. Such provisions, which may cost up to $1.6 billion, include allowing the value of borrower stock to be artificially maintained when loans are written down and providing "homestead protection" to property used as collateral by borrowers.

-- The bill would return more than $700 million to healthy system entities that have shared surpluses with entities experiencing shortfalls. Before the taxpayer is asked to

bail out the System, all surpluses in the System should be used to minimize costs.

-- In addition, when the bill's borrower stock protection program expires in five years, there would likely be a rush by borrowers to redeem their stock. To remedy this, all borrower stock outstanding as of the date of enactment should be guaranteed whenever the borrower pays off his loan. From the date of enactment, however, all newly issued borrower stock should represent actual risk capital and provide borrowers with an ownership interest in the affairs of the lender.

-- Finally, the bill does not provide for interest to be paid on any Treasury advances over an unlimited period of time. Enforcement provisions should also be added to ensure that capital adequacy standards are followed. Furthermore, the number of board members of the Temporary Assistance Corporation (TAC) should be reduced from five to three, and the provision prohibiting directors of the Capital Corporation from serving on the board should be eliminated. A smaller, more experienced board would lend stability and continuity to both the TAC and the FCS.

As reported by the House Agriculture Committee, H.R. 3030 also contains several features that would improve the FCS. For example, the bill provides for the necessary protection of borrower stock, reasonable control and discipline over the amount and use of financial assistance, the creation of capital adequacy standards, a debt obligation insurance reserve funded by FCS institutions, and the decentralization of the FCS's multi-layered and overly centralized organization.

These reforms, together with the Administration's amendments discussed above and other needed changes, would provide a strong program for ensuring a healthy future for the FCS.

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STATEMENT OF ADMINISTRATION POLICY

September 14, 1987
(House)

H.R. 3051 - Airline Passenger Protection Act of 1987
(Mineta (D) California and 46 others)

The administration opposes H.R. 3051, and the President's senior advisers will recommend that the President veto the bill, should it be presented to him, unless it is amended to:

-- Eliminate the provision imposing benefit payments and other specified labor protective provisions in the event of airline mergers. The airline industry is fully mature and does not need, or benefit from, industry-specific standards imposed by the Federal Government that vary from most other industries.

-- Eliminate the requirement that the Department of Transportation (DOT) establish and enforce airport capacity levels for some 40-45 airports, which would be costly and burdensome and would produce perverse operating constraints.

-- Delete the provision which would extend FAA preemption of State consumer protection activities (currently limited to the areas of "rates, routes, and services") to include any actions required by States in areas in which the FAA may act, however beneficial the State requirements may be to consumers. This provision conflicts with fundamental principles of Federalism and would prohibit State activities that have been instrumental in identifying and preventing numerous unfair practices.

-- Eliminate the detailed performance reporting requirements specified in the bill, which are far more inclusive than those already required by DOT and which would create anti-safety incentives by failing to exclude data on flights delayed or cancelled due to mechanical malfunctions. These provisions would also increase costs to consumers by requiring reporting of data that are unnecessarily more detailed than data already collected by DOT.

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STATEMENT OF ADMINISTRATION POLICY

September 30, 1987
(House Rules)

H.R. 3100 -- Foreign Assistance Authorization
(Rep. Fascell (D) Florida)

If H.R. 3100 is presented to the President, his senior advisers will recommend veto.

The bill authorizes appropriations below the levels requested by the administration for several important foreign assistance programs, and attaches numerous earmarks, ceilings, limitations and other constraints to the implementation of the administration's foreign assistance programs. The combination of the funding shortfalls and extensive restrictions impedes continuation of existing programs and the ability to respond to changing foreign policy challenges.

In particular, these restrictions:

-- Restrain our ability to carry out normal foreign assistance relationships with security assistance recipients that also wish independently to support the Nicaraguan Democratic Resistance. These restrictions also raise constitutional problems.

-- Earmark assistance for particular countries and programs in excess of the administration's request while at the same time authorizing a total amount for the earmarked program which is far less than requested. The result will mean substantial cuts in assistance for countries with which the United States shares significant foreign policy and humanitarian interests.

-- Contain numerous examples of micro-management of the foreign assistance program, compounding an already complex administration of foreign assistance activities and adding inevitable delay and inefficiencies in the provision of assistance.

-- Contain provisions which will cause serious harm to our bilateral relations with strategically important allies and friends.

The bill intrudes substantially upon the President's ability to carry out his foreign assistance program and, particularly in the context of a two-year authorization, to respond to new circumstances, and therefore leaves the administration with no choice but to oppose its passage.

STATEMENT OF ADMINISTRATION POLICY

October 6, 1987
(House)
(REVISED)

H.R. 3307 - Sentencing Guidelines Transition Act
(Synar (D) Oklahoma)

The administration opposes enactment of H.R. 3307, which would postpone the effective date for the United States Sentencing Commission's sentencing guidelines until August 1, 1988; and the President's senior advisors will recommend that he veto the bill.

The original effective date for these guidelines, November 1, 1986, has already been extended once, through November 1, 1987, by Public Law 99-217. Sentencing guidelines were a key and essential part of the important sentencing reforms enacted as part of the Sentencing Reform Act of 1984. In order to carry out the intent of the 1984 Act, the Commission's guidelines should not be delayed further and should be permitted to go into effect as currently scheduled.

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STATEMENT OF ADMINISTRATION POLICY

December 3, 1987
(House)

H.R. 3399 - Alternative Motor Fuels Act of 1987
(Rep. Sharp (D) Indiana and 25 others)

While the administration believes that the corporate average fuel economy (CAFE) standards should be repealed rather than modified, the administration would support enactment of H.R. 3399 if it contained only the CAFE provisions.

However, the President's senior advisers would recommend veto of H.R. 3399 or any similar bill that would: (1) require the Federal Government to purchase dual-fuel vehicles at up to a five percent premium in price, (2) require the retail selling of methanol, (3) establish bus and truck demonstration programs, or (4) otherwise subsidize or regulate alternative fuels.

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STATEMENT OF ADMINISTRATION POLICY

November 12, 1987
(House)

H.R. 3400 - Federal Employees Political Activities Act of 1987
(Clay (D) (MO) and 238 others)

The Administration opposes the enactment of H.R. 3400, which repeals the Hatch Act's restrictions on partisan political activity by Federal employees. This bill would undermine the integrity and independence of the traditionally non-partisan civil service by allowing unfettered off-duty partisan electioneering and political activity by all Federal employees. Under its terms, Federal employees would be vulnerable to both direct and subtle political pressures to "volunteer" help in campaigns and to make financial contributions in order to curry favor with one political party or another. The bill's proposed safeguards against abuse would be inadequate and largely unenforceable, inviting political corruption. The unacceptable result would be a politicized Federal workforce to the clear detriment of the public interest.

If this bill were to reach the President's desk, his senior advisers would recommend its disapproval.

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STATEMENT OF ADMINISTRATION POLICY

November 16, 1987
(House Rules)

H.R. 3436 - Older Americans Act Technical Amendments
(Pepper (D) Florida)

The administration opposes H.R. 3436. Although its title indicates that this bill simply contains technical amendments to the Older Americans Act, in fact it also includes the text of H.R. 2762, the "Medicare Long-Term Home Care Catastrophic Protection Act of 1987." If this bill were to reach the President's desk, his senior advisers would recommend its disapproval.

H.R. 3436 would initiate a series of major, unprecedented changes for Medicare. These changes would dramatically expand Medicare coverage, eligibility, costs, and taxes.

The main provisions of H.R. 3436 would:

- Eliminate the maximum wage on which contributions for Medicare payroll taxes are paid, subjecting many taxpayers to steep tax increases and severing the traditional relationship between Medicare's Hospital Insurance (HI) and the social security wage base.

- Expand Medicare beyond covering acute medical care to paying for long-term care, support, and social services.

- Dramatically increase Medicare costs by allowing currently ineligible disabled individuals to purchase HI coverage at heavily subsidized rates.

- Dramatically increase Medicare costs by making currently ineligible children eligible for benefits upon determination by a physician that a child is impaired. This provision would generally shift costs from States to the Federal Medicare program.

By adding $1 billion to the 1988 Federal deficit, H.R. 3436 would violate the Balanced Budget and Emergency Deficit Contol Act of 1987. Before the House considers a major new policy depature like H.R. 3436, thorough Congressional hearings and a full actuarial analysis of its implications for the Medicare trust funds need to be completed. Consideration of H.R. 3436 is premature since it has not had any Committee hearings or other consideration.

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STATEMENT OF ADMINISTRATION POLICY

January 27, 1987
(Senate)

S. ____ - Federal-Aid Highway Act of 1987
(Burdick (D) North Dakota)

The administration supports Senate passage of the "Federal Aid Highway Act of 1987," as reported by the Environment and Public Works Committee, without controversial amendments so that the Federal-aid highway program may be reauthorized without further unnecessary delay. If the bill is amended to increase spending for either "demonstration" or regular highway projects, or to authorize spending for mass transit programs at levels inconsistent with the President's proposals, the President's senior advisers would recommend a veto of the bill.

If the bill is amended to reauthorize the mass transit program, the administration urges the adoption of provisions in the "Mass Transportation Improvement Act of 1987" transmitted to Congress by the Secretary of Transportation on January 20th which would fund transit programs exclusively by formula from the Highway Trust Fund. The administration opposes the mass transit reauthorization bill as ordered reported by the Banking, Housing, and Urban Affairs Committee.

The administration recommends the adoption of amendments to:

-- incorporate the administration's proposed "Highway Safety Act of 1987," and "Highway Revenue Act of 1987" which would add $822 million to the Highway Trust Fund in 1988 and $900 million in each subsequent year by eliminating fuel tax exemptions; and

-- delete provisions concerning (1) Federal liability for certain civil actions against the National Academy of Sciences involving activities conducted under or in connection with the Strategic Highway Research Program; (2) disclosure and admission as evidence of certain State reports and surveys concerning highway hazards mitigation; and (3) the relocation of utility facilities.

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Revision

STATEMENT OF ADMINISTRATION POLICY

January 12, 1987
(Senate)

S. 1 - Clean Water Act
(Sen. Byrd (R) West Virginia and 75 Others)

The President strongly supports the clean water and environmental programs contained in S. 1. His concern about S. 1 is based upon its costs. The President supports legislation that would authorize a grant program of $12 billion instead of the $18 billion as provided in S. 1. This doubles his proposal of last year and meets the Congress halfway on this issue. As far as environmental standards and procedures are concerned, the President's proposal is identical to S. 1.

The President's senior advisers will recommend a veto of S. 1, if it is presented to him in its present form. S. 1 is unacceptable for the reasons cited in the President's November 6, 1986, memorandum of disapproval of S. 1128, a bill virtually identical to S. 1. The President vetoed S. 1128 because of its:

-- unacceptably high cost,

-- reversal of important reforms enacted in 1981, and

-- authorization of unnecessary new programs adding to the Federal budgetary deficit, including a mandatory federally controlled and directed non-point source pollution control program, which is tantamount to federal land use planning.

As the President noted in his radio address of January 3rd, this legislation would be a budget-buster signaling a willingness to raise taxes and take the lid off spending. The President expressed his willingness to work with Congress for a reasonable bill.

The President's 1988 budget proposes a $12 billion waste treatment facility construction grant phase-out program. This proposal would meet Congress half way between the President's $6 billion phase-out proposal last year and the $18 billion program that would have been authorized by S. 1128.

The administration provided an alternative bill to Congress on January 6, 1987. This bill:

-- incorporates the President's revised $12 billion waste treatment grant proposal,

STATEMENT OF ADMINISTRATION POLICY

October 28, 1987
(House Rules)

H.R. 3545, The Omnibus Reconciliation Act of 1987
Rep. Gray - (D) Pennsylvania

The Administration strongly opposes H.R. 3545 as reported to the House. If it were presented to the President in its current form, the President's senior advisors would recommend veto.

Its only significant source of deficit reductions is increased revenues. Rather than reducing spending, on net the bill would increase it. Moreover, most of the claimed savings would merely shift outlays from FY 1988 to future years.

-- allows States discretion to use a portion of their grant allotments for State controlled and administered non-point source pollution control programs, and

-- eliminates several special interest projects authorized outside of the normal grant program.

Except for these features, the administration's proposal is the same as S. 1. The administration urges that its proposal, which has been introduced by Senator Dole as S. 76, be enacted in lieu of S. 1.

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STATEMENT OF ADMINISTRATION POLICY

FINAL
December 3, 1987
(Senate)

S. 9 - Service-Disabled Veterans' Benefits Improvement Act
(Cranston (D) California)

The administration supports the cost-of-living adjustment (COLA), effective December 1, 1987, for veterans receiving disability compensation payments equal to the COLA given social security and veterans pension beneficiaries, as provided in S. 9. The administration had proposed that compensation COLAs be granted automatically each year on the same basis as those other two programs, and still believes that approach is preferable. Despite its support for the compensation COLA, the administration opposes enactment of S. 9 unless it is amended to delete:

-- Section 333, which would virtually prohibit the Veterans Administration (VA) from conducting any program to test its employees for the illegal use of drugs, as required by Executve Order 12564. This section violates both the letter and the spirit of the compromise agreement between the Congress and the administration embodied in P.L. 100-71.

-- Title II, which establishes presumptions of service connection for disability compensation purposes for several types of radiation-induced diseases without scientific or medical evidence.

-- Any provision prohibiting the VA from implementing a widespread program of testing patients for the presence of the AIDS virus that would be contrary to sound medical practice.

Failure to delete the above provisions will result in a veto recommendation by the President's senior advisors.

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STATEMENT OF ADMINISTRATION POLICY

November 18, 1987
(Senate)

S. 79 - High Risk Occupational Hazard Notification and Prevention Act
(Metzenbaum (D) OH and 35 others)

The administration opposes S. 79, which would unnecessarily duplicate current Federal efforts regarding the evaluation and notification of workers of hazards in the workplace. S. 79 is likely to result in substantial litigation and in Federal and private sector tort liability. This legislation would impose enormous costs on employers, consumers, workers, and the Federal Government. If presented to the President in its current form, the President's Senior Advisers would recommend disapproval.

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STATEMENT OF ADMINISTRATION POLICY

March 13, 1987
(Senate)

S.J.Res. 81 - Disapproving the Provision of Additional Assistance to the Nicaraguan Democratic Resistance
(Sen. Weicker (R) Connecticut)

The President will veto S.J.Res. 81 if it is passed by the Congress.

S.J.Res. 81 would not encourage the Sandinistas to move toward peace and democracy. To the contrary, it would reward their inflexibility and send the message that they need only wait for the United States to lose its resolve. The resolution's unilateral termination of aid to the Nicaraguan democratic resistance would deprive the administration of one of the most critical elements of leverage it has with the Sandinistas, and make successful negotiations for a democratic outcome in Nicaragua virtually impossible.

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STATEMENT OF ADMINISTRATION POLICY

February 4, 1987
(Senate)

S. 83 - National Appliance Energy Standards
(Sen. Johnston (D) Louisiana and 42 others)

The President's senior advisors will recommend a veto of S. 83 if it is presented to him. S. 83 is virtually identical to H.R. 5456, which the President pocket vetoed on November 1, 1986. The President vetoed H.R. 5465 because it would have:

-- intruded unduly on the free market;

-- limited the freedom of choice available to consumers who would be denied the opportunity to purchase lower-cost appliances;

-- unintentially harmed consumers (especially low-income consumers) by causing them to spend an estimated extra $1.4 billion per year on more expensive appliances than they would have otherwise, or forcing them to delay or forgo some appliance purchases altogether; and

-- constituted a substantial intrusion into traditional State responsibilities and perogatives.

Further, the bill would have mandated a complicated series of 19 rulemakings over the next 20 years for 52 subcategories of appliances, virtually assuring extensive litigation and increasing Federal regulation many years into the future.

Finally, S. 83 is not needed to insure Federal regulation of appliance energy standards. Under current law, the Department of Energy is required to conduct a rulemaking which may lead to the imposition of Federal standards if they are economically justified.

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STATEMENT OF ADMINISTRATION POLICY

February 26, 1987
(Senate)

S. 184 - To Provide Economic Assistance to the Central American Democracies and Disapproving Aid to the Contras
(Sen. Dodd (D) and Sen. Weicker (R) Connecticut)

The President will veto S. 184 if it is passed by the Congress.

S. 184 would not encourage the Sandinistas to move toward peace and democracy. To the contrary, it would reward their inflexibility and send the message that they need only wait for the United States to lose its resolve. The bill's unilateral termination of aid to the Nicaraguan democratic resistance would deprive the administration of one of the most critical elments of leverage it has with the Sandinistas, and make successful negotiations for a democratic outcome in Nicaragua virtually impossible.

The President strongly supports $300 million in economic aid to four Central American democracies requested as a 1987 supplemental appropriation, but not in the context of this bill.

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STATEMENT OF ADMINISTRATION POLICY

March 25, 1987
(Senate)

S. 410 Dairy Policy Commission Extension
(Sen. Leahy (D) VT and 3 others)

The administration opposes S. 410 as reported by the Senate Agriculture Committee, because section 2 of the reported bill would seriously weaken the Sodbuster program enacted as part of the Food Security Act of 1985 by exempting land planted to multiyear grasses, which include most native grasses.

The administration supports the extension of the deadline for the report of the National Commission on Dairy Policy to March 31, 1988, as contained in section 1 of S. 410. The administration would have no objection to the entire bill if it were amended to (1) delete the language exempting land planted to multiyear grasses from the Sodbuster program and (2) restrict the exemptions for alfalfa and legumes so that they would not apply to the highest erodible soil (i.e., land capability classes VI, VII, and VIII).

If S. 410 were presented to the President in its current form, his senior advisors would recommend that it be vetoed.

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STATEMENT OF ADMINISTRATION POLICY

June 11, 1987
(Senate)

S. 557 - Civil Rights Restoration Act of 1987
(Kennedy (D) Massachusetts and 57 others)

The administration opposes S. 557, and the President's senior advisers will recommend that the President veto the bill if it is presented to him in its current form. S. 557 is particularly objectionable because of its vague language that vastly expands the jurisdiction under various Federal statutes of Federal agencies and courts over State and local governments, churches and synagogues, religious school systems, businesses of all sizes, and other elements of the private sector.

In response to the Supreme Court's decision in Grove City College v. Bell, the administration, however, does support legislation that would:

-- amend Title IX of the Education Amendments of 1972 and three other civil rights laws (Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and Title III of the Age Discrimination Act of 1975) to provide that for educational institutions, the antidiscrimination provisions of these laws apply to the entire institution when any "program or activity" receives Federal financial assistance;

-- include language that strengthens Title IX's exemption for certain religiously-based practices of educational institutions to include (in addition to institutions "controlled by" a religious organization) those which are "closely identified with the tenets of a religious organization"; and

-- state that the legislation would neither grant, secure nor deny any right concerning abortion, abortion-related services or funding thereof.

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STATEMENT OF ADMINISTRATION POLICY

October 7, 1987
(Senate)

S. 724 - Airline Merger Transfer Act of 1987
(Ford (D) Kentucky and 2 others)

The administration opposes enactment of S. 724 and, if it is presented to the President for signature, his senior advisors will recommend that he veto it. The airline industry is fully mature and does not need, or benefit from, industry-specific labor protection provisions for mergers. Existing statutory provisions and administrative arrangements are sufficient to assure that employee interests are protected, where necessary. The administration would particularly oppose any amendment to remove the Airport and Airways Trust Fund from the budget totals and statutory budgetary limitations.

The administration supports free standing legislation to advance the date of transfer to the Department of Justice of the Department of Transportation's antitrust review authority over airline mergers and acquisitions.

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STATEMENT OF ADMINISTRATION POLICY

October 29, 1987
(Senate)

S. 1145 - Alaska Native Claims Settlement Act
(Reps. Murkowski (R) and Stevens (R) Alaska)

The administration opposes enactment of S. 1145 because it contains fundamental policy flaws. The bill would expand upon the intended permanent settlement of Alaska Native Claims established in 1971, create permanent racially-defined special economic and property rights, and could generate substantial litigation.

If S. 1145 should be enacted in its present form, the President's senior advisers would recommend that he disapprove it.

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Revised

STATEMENT OF ADMINISTRATION POLICY

May 13, 1987
(Senate)

S. 1174 - Defense Authorization Act, 1988 and 1989
(Senator Nunn (D) Georgia)

The President's senior advisors will recommend a veto of S. 1174 if the bill contains a limitation on the testing and development of space-based and other mobile-ABM systems that would legislate the so-called "strict" interpretation of the ABM Treaty.

The restrictive ABM provision undermines Presidential authority and weakens U.S. arms control negotiating leverage at a particularly sensitive time. Further, the restrictive interpretation is not supported by the negotiating record associated with the ABM Treaty, and it is contrary to U.S. national security interests.

The Administration also opposes passage of S. 1174 because it reduces authorizations for certain key national defense programs below the Administration's request.

The Administration will seek to have certain provisions of the bill modified to conform more closely to the original request.

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STATEMENT OF ADMINISTRATION POLICY

August 4, 1987
(Senate)

S. 1196 - Marine Science, Technology, and Resource Development Act
(Hollings (D) South Carolina and 30 others)

The administration opposes enactment of S. 1196, which would reauthorize, as well as amend, a multi-million dollar National Sea Grant Program during fiscal years 1988-1992. The 1988 Budget proposed the termination of this program, and if S. 1196 is presented to the President, his senior advisers would recommend its disapproval.

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STATEMENT OF ADMINISTRATION POLICY

July 31, 1987
(Senate)

S. 1293 - Independent Counsel Reauthorization Act of 1987
(Levin (D) Michigan and Cohen (R) Maine)

The administration opposes enactment of S. 1293. The bill does not comport with constitutional requirements and is otherwise objectionable for the reasons stated by the Department of Justice in its letter of June 15, 1987, to the Governmental Affairs Committee. The President's senior advisers would recommend disapproval of S. 1293 if it were presented to the President in its current form.

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STATEMENT OF ADMINISTRATION POLICY

December 7, 1987
(Senate)

S. 1518 - Methanol and Alternative Fuels Promotion Act of 1987
(Rockefeller (D) West Virginia and 60 others)

The administration believes that the corporate average fuel economy (CAFE) standards in the Motor Vehicle Information and Cost Savings Act should be repealed rather than modified. However, the administration would support enactment of S. 1518 if it (1) were amended to substitute a simpler method for calculating the fuel economy effects of dual fuel vehicles and (2) contains only the CAFE provision.

If S. 1518 were amended to (1) require the government purchase of dual-fueled vehicles, (2) require the retail selling of methanol, (3) establish additional bus and truck demonstration programs -- all of which would be required by H.R. 3399 -- or (4) otherwise subsidize alternative fuels, the President's senior advisors would recommend a veto of the bill.

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STATEMENT OF ADMINISTRATION POLICY

November 10, 1987
(Senate Floor)

S. 1800: Agriculture, Rural Development, Related Agencies Appropriations Bill, 1988
(Sponsors: Whitten (D) Mississippi; Smith (D) Nebraska, Stennis (D) Mississippi, Burdick (D) North Dakota)

The bill is unacceptable to the Administration as reported by the Appropriations Committee because of excessive funding, numerous objectionable language provisions, and the total disregard of the President's credit and cost-saving proposals. If the bill were presented to the President in its present form, the Secretary of Agriculture and the Office of Management and Budget would recommend that he veto it.

In considering the acceptability of Congressional action on appropriations bills, the Administration uses as its benchmark the budgetary resources (i.e., budget authority, obligation limitations, and loan limitations) requested by the President for discretionary programs. The Rural Development/Agriculture bill substantially exceeds that benchmark. For discretionary programs, the Committee provides $2.1 billion more than the President's budget authority request. The Committee also increases the President's request by $4.9 billion in direct and guaranteed loans. As a result, the bill exceeds the Administration's benchmark by $7.0 billion.

There are several other areas of particular concern. First, the Committee's treatment of direct and guaranteed loan programs is totally unacceptable.

-- The Committee completely ignores all Administration initiatives concerning REA loan programs, continuing highly-subsidized REA lending at $2.0 billion. The Administration's initiative of converting direct REA loans to 70 percent REA guarantees of private loans and charging a user fee for administrative costs would achieve deficit reductions of $4.5 billion from FY 1988 to FY 1992, while having an insignificant impact on a typical borrower's interest costs over the next four years. In addition, the Committee includes $328 million for reimbursements of losses to the Rural Electrification and Telephone Revolving fund, a fund that is already heavily subsidized by a $7.9 billion interest-free Treasury loan.

-- The Committee continues the costly and inefficient rural housing direct loan program, which the President proposed to terminate, at $1.9 billion rather than adopting the cost-effective housing voucher program.

-- Rural development direct and guaranteed loan programs are continued at the FY 1987 level of $522 million, thus effectively removing the incentive for municipalities to seek financing through the private market. The President proposed these programs be terminated.

Second, the Committee rejects the President's proposals to terminate programs whose conservation goals could largely be achieved through the conservation activities mandated in the Food Security Act of 1985 or programs that should no longer be funded by the Federal government. For example, increases for the Soil Conservation Service ($181 million) and the Agricultural Stabilization and Conservation Service ($268 million) are provided. These increases are in addition to $1,388 million the Committee provides for the new Conservation Reserve Program, the Administration's preferred mechanism for achieving conservation objectives.

Third, the Committee rejects the Administration's attempts to implement user fees in USDA and FDA programs. Under the President's proposal, beneficiaries of specialized services would be required to pay for these services. The rejection of these user fees requires the taxpayer to pay over $586 million more per year rather than the recipients of these services.

The enclosed material details these and other provisions that are objectionable to the Administration.

The Administration commends the Committee for not including numerous objectionable provisions that the House Appropriations Committee includes in H.R. 3520, the foremost being language that prohibits any efforts to alter the method of computing normalized prices for agricultural commodities in effect January 1, 1987. This type of provision undermines recently-implemented efforts to reform the way Federal agencies justify agricultural development water projects. The previous practice of double-counting benefits has resulted in construction of unneeded water projects that, in turn, increase the production of surplus crops and cause additional downward pressure on farm prices.

Enclosure

November 10, 1987
(Senate Floor)

AGRICULTURE/RURAL DEVELOPMENT APPROPRIATIONS BILL, 1988
OBJECTIONABLE PROVISIONS

I. FUNDING LEVELS

Rural Electrification Administration (REA). The Committee's FY 1988 REA loans levels are far in excess of the President's request. The Committee provides: (1) insured 5 percent loans of $872.4 million as compared to the President's request of $290 million; (2) Rural Telephone Bank (RTB) loans of $177 million versus the President's request of $93 million; and (3) REA-guaranteed Federal Financing Bank (FFB) direct loans of $933.1 million versus the President's request of no 100 percent REA-guaranteed lending. In place of reduced insured 5 percent REA loans and RTB loans, the President proposed a program of $840 million in 70 percent REA guarantees of privately-originated loans.

Further, the bill includes $328 million to reimburse the REA revolving fund for losses, and specifies that the Rural Telephone Bank (RTB) sell $28.7 million in Class A Stock to the Treasury in FY 1988. The President's requests no appropriation for reimbursements to the Fund in FY 1988 because it is unnecessary and the Fund is already heavily subsidized with a $7.9 billion interest-free Treasury loan. The President's requests no purchase of Class A stock because it is unnecessary given a replacement of RTB loans with 70 percent guarantees of private loans. Class A stock purchases provide a costly and unwarranted subsidy to financially prosperous telephone borrowers since the stock only pays a 2 percent annual dividend to Treasury.

Rural Housing Insurance Fund (RHIF). The Committee rejects all of the President's proposals to terminate funding for the housing programs in the RHIF and replace them with housing vouchers. The bill funds these programs at $2 billion over the President's request for new loans. Thus, the bill continues to fully fund all the inefficient new housing construction programs the President has actively sought to terminate for years.

Rural Development Insurance Fund. The Committee completely rejects the President's proposals to discontinue the direct and guaranteed loan programs. The continuation of these programs at the FY 1987 level of $522 million is objectionable and inappropriate. By rejecting the President's request, the Committee effectively removes the incentive for creditworthy borrowers to seek adequate credit resources through the more appropriate private markets.

Rejection of User Fee Initiative. The President's user fee proposals for the following programs were rejected by the Committee:

-- REA ($27 million)
-- Food and Drug Administration ($34 million)
-- Food Safety and Inspection Service ($395 million)
-- Animal and Plant Health Inspection Service ($86 million)
-- Federal Grain Inspection Service ($7 million)
-- Marketing Services ($33 million)
-- Agricultural Cooperative Service ($4 million).

This action, which results in the loss of $584 million in offsetting collections, in concert with additional funding increases to these programs, is unnecessary and burdens the Federal government with costs it should not bear.

Soil Conservation Service. The Administration proposal to provide only funding for close-out activities for the following programs is rejected by the Committee:

-- River Basin Surveys and Investigations
-- Watershed Planning
-- Watershed and Flood Prevention Operations
-- Great Plains Conservation Program
-- Resource Conservation and Development.

In addition, the Committee provides $654 million, $181 million more than requested by the President, for all SCS programs. Continued funding of these programs at the expense of higher-priority programs is inconsistent with good fiscal policy. Moreover, any continued funding of many of these programs should be assumed by local entities.

Agriculture Stabilization and Conservation Service (ASCS). The Committee rejects the President's proposal to terminate ASCS programs whose objectives are essentially available through the conservation activities mandated in the Food Security Act of 1985. The Conservation Reserve Program (CRP) is clearly the preferred mechanism to achieve this Nation's conservation objectives in the most cost-effective manner.

Extension Service. The Committee provides $361 million for this program, $99 million in excess of the President's request. The bill funds section 3(d) grants under the Smith-Lever Act, and includes such low-priority activities as urban gardening and pesticide impact assessment, for which no funds were requested. Also, the bill provides $3.3 million in unrequested grants for counseling programs activity. These programs can be financed by resources other than those provided by Federal taxpayers.

P.L. 480. The Committee provides $95 million more in Title II food aid programs than requested by the President. The increase is unnecessary given current program requirements. The

Administration already has the authority to use surplus stocks under section 416 of the Agricultural Act of 1949 to meet additional food aid needs if they arise.

Foreign Agriculture Service. A $100 million appropriation for this program, $14.5 million above the President's request, is unjustified and contradicts the Administration's goal of scaling back this program. The funds requested by the President are adequate to meet the increased workload associated with the provisions of the 1985 Farm Bill.

Sunflower Indemnity Program. The bill proposes to establish a new price support program for sunflowers. The Committee establishes payment rates for the 1988 crop and provides an $18 million appropriation. The Administration opposes the establishment of this program and is concerned that appropriations bills are used to authorize programs that have not been completely and carefully studied.

Agricultural Research Service. The Administration objects to the Committee's $64 million increase to the President's request for this program, including an additional $49 million for buildings and facilities. The Committee funds many low-priority specialized programs, including a $5.5 million increase above the President's request for human nutrition research. The Administration has a research program based on nationwide priorities. The use of Federal funds is carefully evaluated in terms of these priorities. If a State has a particular interest in certain type of research, the State should fund that research.

Cooperative State Research Service. The Committee provides $329 million, a $89 million increase to the President's request. The Committee increases funding for special research grants. States with specialized interests should fund those interests.

Animal and Plant Health Inspection Service. The Committee provides $352 million for this program, a $140 million increase to the President's request. The largest increases, discounting the rejected user fee proposals, are: $18 million for bollweevil eradication, and $12 million for animal damage control. A large portion of ADC benefits accrue directly to local beneficiaries who should bear the major responsibility for funding these activities.

WIC. The Committee provides $1,804 million, an increase of $116 million to the President's request, and $80 million above current services. Despite tight budgetary constraints on all domestic programs, WIC funding has more than doubled since FY 1980. With more than 3 million low-income women, infants, and children currently participating, further program improvements should come through more efficient use of existing resources and better targeting to the neediest, rather than through such unfocused funding increases. In Tennessee, for example, current estimates indicate that State WIC participation may increase by 8 - 12 percent due to a recent food cost savings initiative.

Nutrition Assistance for Puerto Rico. The Committee provides more funds than necessary for the Nutrition Assistance for Puerto Rico block grant. For FY 1988, the Administration requests $825 million; the Committee provides $880 million. Puerto Rico has complete flexibility to set benefit levels and eligibility criteria. Puerto Rico can maintain benefits for high-priority recipients and, if necessary, reduce benefits to the less needy to stay within its appropriation.

Agricultural Credit Insurance Fund (ACIF). The Committee continues funding for various ACIF loan programs proposed for termination by the President. These funds should be used for higher-priority programs that require appropriate Federal funding.

FmHA, Grant Programs. The Committee funds all of the grant programs at a total cost of $165 million over the President's request. The President proposed termination of all of these programs.

Temporary Emergency Food Assistance Program (TEFAP). The Committee funds the Temporary Emergency Food Assistance Program for which no funds were requested by the President. The bill provides $50 million in grants to States for the distribution of surplus commodities donated to the needy. The government already provides surplus commodities to the needy. In addition, the government also pays the cost of processing and transporting these commodities to the States. Any additional costs should be provided by the States as their fair share.

Commodity Supplemental Food Program (CSFP). The Committee increases CSFP by $13.1 million above the President's request, and $5.2 million--or 12 percent--above current services. Needy women, infants, and children eligible for CSFP are much better targeted by WIC, which serves the same population, and has expanded dramatically in recent years to serve over 3.3 million women, infants, and children in all but 200 counties nation-wide. Unlike WIC, CSFP does not target participants who show medical/nutritional need and is open to low-income elderly.

Food and Drug Administration (FDA). The Administration objects to the unnecessary $1 million addition to FDA's contingency fund. The $1.2 million remaining in the fund from prior years is sufficient to meet any emergency that might arise in FY 1988.

II. LANGUAGE PROVISIONS

Food and Drug Administration. In rejecting the President's proposal for FDA user fees, the Committee retains restrictive language prohibiting the use of funds to develop, establish, or implement user fees. This language represents an intrusion into effective management of FDA drug and device approvals and would seriously hamper FDA's effort to improve the processing of new drug and device applications.

Commodity Supplemental Food Program. First, the Administration opposes language that forbids CSFP from reimbursing CCC for commodities donated to the program. The reimbursement of CCC for commodities is a valid program expense, and failure to pay for donated CCC items understates the resources needed to maintain CSFP food packages. This restriction results in subsidies to CSFP by CCC.

Second, the Committee directs USDA to limit participation at existing sites to FY 1987 levels, and use remaining resources to fund new sites. The Administration believes that it would be disruptive to participants and fiscally imprudent for the Food and Nutrition Service to certify a new site that it would not be able to fund on a sustained basis in the current fiscal environment. The nutritional needs of women, infants, and childrent in areas not served by CSFP are met by other programs, such as WIC.

Minimum Staffing Levels. Section 626 mandates minimum staffing levels for three bureaus of USDA -- Farmers Home Administration, Agricultural Stabilization and Conservation Service, and Soil Conservation Service. This infringes on the Executive Branch's ability to implement programs efficiently and effectively.

Credit to Poland. The Administration continues to object to Section 620 restricting the President's ability to conduct foreign policy by modifying terms of existing U.S. commitments to U.S. banks under credit guaranteed to the Polish People's Republic.

WIC. The bill directs USDA to study Medicaid savings for infants due to the mother's participation in WIC. Since the Administration already believes that the participation of pregnant women and infants in WIC is a priority, there is no policy usefulness in conducting further research in this area. The study would cost about $1 million, and would either limit research in areas like breastfeeding promotion and vendor fraud, or reduce program participation.

FmHA Debt Collection. Section 631, which denies the Administration the opportunity to use private debt collection agencies, is objectionable. Sound debt management requires the ability to seek effective and cost-efficient collection alternatives and not to preclude the use of these alternatives.

Mandating New Construction Projects. Section 622 directs the Secretary of Agriculture to initiate construction on not less than twenty new projects under the Watershed Protection and Flood Prevention Act and not less than five new projects under the Flood Control Act. The types of decisions should be reserved for the Federal managers tasked with executing these programs.

Intrusions in Executive Branch Matters. The Administration objects to Section 617 that disallows the phasing out of the Resource Conservation and Development Program and language that precludes any action to consolidate the Soil Conservation Services' national technical centers. These provisions are inappropriate intrusions in Executive Branch matters.

Release of Proprietary Information. The Administration objects to section 630 because laws to enforce and control the release of proprietary information already exist. Given the protections already established by these laws, this provision will only serve to hamper the effective administration of the program.

SAP code/info sheet **Date:** 11/10/87 **Bill Number:** HR 3520

Bill Title: Rural Development, Agriculture, & Related Agencies Appropriations Bill 1988

Where sent? House floor Senate floor (House committee) Senate committee Conference committee **Other:**

Language of threat(verbs): recommend veto

Who is the threat attributed to? (list all) Secretary Agriculture, Office of Management & Budget

(Strong/weak?) **(circle one) List adjectives.** unacceptable, totally unacceptable

Objections to? (Part) **Whole** **If part, number of itemized objections:** 10+ attachment = 42

List all objections: - excessive funding - numerous objectionable language provisions - disregard Presidents Programs - provides more money for discretionary programs - exceeds Admin benchmark
1 - treatment of direct & guaranteed loan programs
2 - section 634 which prohibits alter methods computing prices
3 - rejection Pres's proposals terminate programs whose goals met elsewhere
4 - rejection Attempts implement user fees 5 - treatment CCC

Does it rank the objections? (If so include rankings with listing): (Yes) No Unclear/NA

Preference of president: Status Quo ~~Change, less than Congress~~ Change, more than Congress

(Likes bill without certain amendments or provisions) **Other:**

Does the threat identify one version over another? Yes, explicitly Yes, implicitly (No)

President's threat against which version(s)?:

Spending objections (describe): over benchmark

Does it claim to list all objections or does it imply others exist: (Exhaustive) Incomplete Unclear

Is the SAP *purely negative* or does it *express support* for certain items of the bill? (Circle one)
(Explain) Wants bill with many changes

Is there an indication that the president might sign it if changes were made? (Yes, explicitly) Yes, implicitly No

Does it identify changes that would make the bill acceptable? (Yes, explicitly) Yes, implicitly No

If so, list: Change objectionable provisions

Coder: Laurie (Kristen) Jenny Novette Erik Other :

Circle here if notes on back

STATEMENT OF ADMINISTRATION POLICY

November 10, 1987
(House Rules)

H.R. 3520: Rural Development, Agriculture, and Related Agencies Appropriations Bill, 1988
(Sponsors: Whitten (D) Mississippi, Smith (D) Nebraska)

The bill is unacceptable to the Administration as reported by the Appropriations Committee because of excessive funding, numerous objectionable language provisions, and the total disregard of the President's credit and cost-saving proposals. If the bill were presented to the President in its present form, the Secretary of Agriculture and the Office of Management and Budget would recommend that he veto it.

In considering the acceptability of Congressional action on appropriations bills, the Administration uses as its benchmark the budgetary resources (i.e., budget authority, obligation limitations, and loan limitations) requested by the President for discretionary programs. The Rural Development/Agriculture bill clearly exceeds that benchmark.

The Committee scores the bill as being $54 million below the request. However, this total is achieved by reducing the Farmers Home Administration's (FmHA) revolving funds, not scoring other funding actions, and disregarding cost-saving proposals offered by the Administration. Thus, these actions do not result in real budgetary savings, and serve only to veil real increases in discretionary spending. For discretionary programs, the Committee provides $1.2 billion more than the President's budget authority request. The Committee also increases the President's request by $4.7 billion in direct and guaranteed loans. As a result, the bill exceeds the Administration's benchmark by $5.9 billion.

There are several other areas of particular concern. First, the Committee's treatment of direct and guaranteed loan programs is totally unacceptable.

-- The Committee completely ignores all Administration initiatives concerning REA loan programs, continuing highly-subsidized REA lending at $2.0 billion. The Administration's initiative of converting direct REA loans to 70 percent REA guarantees of private loans and charging a user fee for administrative costs would achieve deficit reductions of $4.5 billion from FY 1988 to FY 1992, while having an insignificant impact on the typical electric customer. In addition, the Committee adds language that deletes the Secretary of Treasury's authority to disallow prepayments which he determines would adversely affect the Federal Financing Bank's operations.

-- The Committee continues the costly and inefficient rural housing direct loan program, which the President proposed to terminate, at $1.8 billion rather than adopting the cost-effective housing voucher program.

-- Rural development direct and guaranteed loan programs are continued at the FY 1987 level of $522 million, thus effectively removing the incentive for municipalities to seek financing through the private market. The President proposed these programs be terminated.

-- The Committee precludes the sale of loans made by the Agricultural Credit Insurance Fund. Effective management of any credit program requires this flexibility, whether or not these steps are taken.

Second, the Administration objects strongly to section 634 that prohibits any effort to alter the method of computing normalized prices for agricultural commodities in effect January 1, 1987. This provision undermines recently-implemented Administration efforts to reform the way Federal agencies justify agricultural development water projects. The Administration's new normalized prices remove the effects of USDA programs for surplus crops. The previous practice of double- counting benefits has resulted in construction of unneeded water projects that, in turn, increase the production of surplus crops and cause additional downward pressure on farm prices. This situation is particularly intolerable when Federal taxpayers are spending $25 billion a year for price and income maintenance for farmers who grow surplus crops.

Third, the Committee rejects the President's proposals to terminate programs whose conservation goals could largely be achieved through the conservation activities mandated in the Food Security Act of 1985 or programs that should no longer be funded by the Federal government. For example, increases for the Soil Conservation Service ($164 million) and the Agricultural Stabilization and Conservation Service ($218 million) are provided. These increases are in addition to $1,217 million the Committee provides for the new Conservation Reserve Program, the Administration's preferred mechanism for achieving conservation objectives.

Fourth, the Committee rejects the Administration's attempts to implement user fees in USDA and FDA programs. Under the President's proposal, beneficiaries of specialized services would be required to pay for these services. The rejection of these user fees requires the taxpayer to pay over $586 million more per year rather than the recipients of these services.

Fifth, the Administration objects strongly to treatment of CCC. The Committee specifies detailed upfront appropriations for each of the CCC farm price support programs. Such a radical departure from existing authorities and practices would leave CCC with a seriously reduced capability to respond to market conditions and support farm income and prices as required by law.

The enclosed material details these and other provisions that are objectionable to the Administration.

Enclosure

November 10, 1987
(House Rules)

RURAL DEVELOPMENT/AGRICULTURE APPROPRIATIONS BILL, 1988
OBJECTIONABLE PROVISIONS

I. FUNDING LEVELS

Rural Electrification Administration (REA). The Committee's FY 1988 REA loans levels are far in excess of the President's request. The Committee provides: (1) insured 5 percent loans of $872.4 million as compared to the President's request of $290 million; (2) Rural Telephone Bank (RTB) loans of $177 million versus the President's request of $93 million; and (3) REA-guaranteed Federal Financing Bank (FFB) direct loans of $933.1 million versus the President's request of no 100 percent REA-guaranteed lending. As a result of reduced insured 5 percent REA loans and RTB loans, the President's request offered a program of $840 million in 70 percent REA guarantees of privately-originated loans.

The Committee also includes language that would change section 306(a) of the REA Act, and delete the authority of the Secretary of Treasury to disallow any premium-free prerepayment of REA-guaranteed FFB loans that he determines would adversely affect the operation of the FFB. The Secretary of Treasury has already determined that prepayments would adversely affect the operation of the FFB and no prepayments should have been allowed in FY 1988 or thereafter. The section 306(a) change could result in about $5.7 billion in premium-free prepayments and the loss of about $1.5 billion that borrowers are contractually obligated to pay. The Administration objects strongly to this provision as an unnecessary additional subsidy to REA borrowers.

Finally, the bill includes $20 million to partially reimburse the REA revolving fund for the differential between interest income and interest costs, and specifies that the Rural Telephone Bank sell $28.7 million in Class A Stock to the Treasury in FY 1988. The President requests no appropriation for reimbursements to the Fund in FY 1988 because it is an unwarranted subsidy and direct loans were scheduled to be phased out by FY 1990. The President requests no purchase of Class A stock because it is unnecessary given a replacement of RTB loans with 70 percent guarantees of private loans. Class A stock represents an unwarranted subsidy to telephone borrowers and only pays a 2 percent annual dividend to Treasury.

Rural Housing Insurance Fund (RHIF). The Committee rejects all of the President's proposals to terminate funding for the housing programs in the RHIF and replace them with housing vouchers. The

bill funds these programs at $2 billion over the President's request for new loans. Thus, the bill continues to fully fund the inefficient new housing construction programs the President has actively sought to terminate for years.

Rural Development Insurance Fund. The Committee completely rejects the President's proposals to discontinue the direct and guaranteed loan programs. The continuation of these programs at the FY 1987 level of $521 million is objectionable and inappropriate. By rejecting the President's request, the Committee effectively removes the incentive for creditworthy borrowers to seek adequate credit resources through the more appropriate private markets.

Rejection of User Fee Initiative. The President's user fee proposals for the following programs were rejected by the Committee:

-- REA ($27 million)
-- Food and Drug Administration ($34 million)
-- Food Safety and Inspection Service ($395 million)
-- Animal and Plant Health Inspection Service ($86 million)
-- Federal Grain Inspection Service ($7 million)
-- Marketing Services ($33 million)
-- Agricultural Cooperative Service ($4 million).

This action, which results in the loss of $584 million in offsetting collections, in concert with additional funding increases to these programs, is unnecessary and burdens the Federal government with costs it should not bear.

Soil Conservation Service. The Administration proposal to provide only funding for close-out activities for the following programs is rejected by the Committee:

-- River Basin Surveys and Investigations
-- Watershed Planning
-- Watershed and Flood Prevention Operations
-- Great Plains Conservation Program
-- Resource Conservation and Development.

In addition, the Committee provides $637 million, $164 million more than requested by the President, for all SCS programs. Continued funding of these programs at the expense of higher-priority programs is inconsistent with good fiscal policy. Moreover, any continued funding of many of these programs should be assumed by local entities.

Agriculture Stabilization and Conservation Service (ASCS). The Committee rejects the President's proposal to terminate ASCS programs whose objectives are essentially available through the conservation activities mandated in the Food Security Act of 1985. The President's request of $1,388 million for the Conservation Reserve Program (CRP), as compared to the $1,426

million the Committee provides for both the CRP and the ASCS cost-share programs, is sufficient to ensure the realization of conservation goals. The CRP is clearly the preferred mechanism to achieve conservation objectives in the most cost-effective manner.

Commodity Credit Corporation (CCC). The Committee establishes funding levels within the appropriation for specific program activities that would eliminate the financial latitude necessary to operate the CCC and require significant changes in CCC accounting and management systems. The requirement of submitting a subsequent request to Congress to adjust these levels does not consider the timing of operational needs, could result in avoidable delays in executing program requirements, and raises the possibility of the CCC not being able to fulfill its obligations in a timely manner. Such a radical departure from existing authorities and practices would leave the CCC with much reduced capability to respond to market conditions and support farm income and prices as required by law.

Federal Crop Insurance Corporation (FCIC). The Committee underfunds FCIC by $111 million by assuming a lower level of business activity than assumed by the Administration. This funding level achieves no real savings and could force FCIC to use CCC borrowing authority in the event of higher business activity.

Extension Service. The Committee provides $363 million for this program, $100 million in excess of the President's request. The bill funds section 3(d) grants under the Smith-Lever Act, and includes such low-priority activities as urban gardening and pesticide impact assessment, for which no funds were requested. Also, the bill provides $4 million in unrequested grants for counseling programs activity. These programs can be financed by resources other than those provided by Federal taxpayers.

Agricultural Research Service. The Administration objects to the Committee's $20 million increase to the President's request for this program, including an additional $13.7 million for buildings and facilities. The Committee funds many low-priority specialized programs, including a $3.0 million increase above the President's request for the Human Nutrition Research. The Committee also includes funds for many construction projects not included in the FY 1988 budget, including $0.9 million for a feasibility study for agriculture research at the Oceanic Institute. The Administration has a research program based on nationwide priorities. The use of Federal funds is carefully evaluated in terms of these priorities. If a State has a particular interest in certain type of research, the State should fund that research.

Cooperative State Research Service. The Committee provides $273 million, a $33 million increase to the President's request. The Committee concurrently decreases funds for the high-priority

competitive research grants by $14.2 million and increases funding for special research grants. States with specialized interest should fund those interests. Grants from this program should be made competitively rather than provided outside of the formula grant program.

Animal and Plant Health Inspection Service. The Committee provides $318 million for this program, a $108 million increase to the President's request. The largest increase, discounting the user-fee proposal, is $10.5 million for Animal Damage Control (ADC). A large portion of ADC benefits accrue directly to local beneficiaries who should bear the major responsibility for funding these activities.

WIC. The Committee provides $1,803 million, an increase of $116 million to the President's request, and $80 million above current services. Despite tight budgetary constraints on all domestic programs, WIC funding has more than doubled since FY 1980. With more than 3 million low income women, infants, and children currently participating, further program improvements should come through more efficient use of existing resources and better targeting to the neediest, rather than through such unfocused funding increases. In Tennessee, for example, current estimates indicate that State WIC participation may increase by 8 - 12 percent due to a recent food cost savings initiative.

Nutrition Assistance for Puerto Rico. The Committee provides more funds than necessary for the Nutrition Assistance for Puerto Rico block grant. For FY 1988, the Administration requests $825 million; the Committee provides $879 million. Puerto Rico has complete flexibility to set benefit levels and eligibility criteria. Puerto Rico can maintain benefits for high-priority recipients and, if necessary, reduce benefits to the less needy to stay within its appropriation.

Food Stamps. The Committee provides $12,056 million and underfunds Food Stamps by $450 million. The President's current estimate of the Food Stamps funding level is $12,506 million, while the Congressional Budget Office estimates Food Stamps will need $12,590 million in FY 1988. The effects of underfunding are potentially severe. USDA has authority to reduce Food Stamp benefits for all recipients if program requirements exceed statutory authorization levels -- $14,741 million is authorized for FY 1988. If the Committee levels remain, USDA will have no choice but to terminate benefits once Food Stamp funds are exhausted. Since Congress has failed to enact the Administration's FY 1988 Food Stamp proposals, Congress must take reponsibility for fully funding the program. By underfunding the program, the Committee has failed to recognize the true, total costs of its actions.

Agricultural Credit Insurance Fund (ACIF). The Committee continues funding for various ACIF loan programs proposed for termination by the President. These funds should be used for higher-priority programs that require appropriate Federal funding.

FmHA, Grant Programs. The Committee funds all of the grant programs at a total cost of $163 million over the President's request. The President proposed termination of all of these programs.

Temporary Emergency Food Assistance Program (TEFAP). The Committee funds the Temporary Emergency Food Assistance Program for which no funds were requested by the President. The bill provides $50 million in grants to States for the distribution of surplus commodities donated to the needy. The government already provides surplus commodities to the needy. In addition, the government also pays the cost of processing and transporting these commodities to the States. Any additional costs should be provided by the States as their fair share.

Commodity Supplemental Food Program (CSFP). The Committee increases CSFP by $15.5 million above the President's request, ~~and $7.5 million~~ above current services. Needy women, infants, and children eligible for CSFP are much better targeted by WIC, which serves the same population, and has expanded dramatically in recent years to serve over 3.3 million women, infants, and children in all but 200 counties nation-wide. Unlike WIC, CSFP does not require participants to show medical/nutritional need and is open to low-income elderly.

FmHA, Office of the Administrator. The Administration objects to restrictions imposed by the Committee funding level for this program.

Assistant Secretary of Agriculture for Natural Resources and Environment. The Committee provides no funds for this office. This is an ill-advised action to redirect responsibilities within the Department. The Administration objects to this treatment and cautions that such actions will impede the management of the Department and execution of its responsibilities, legal and otherwise.

II. LANGUAGE PROVISIONS

Section 634. The Administration objects strongly to Section 634, that prohibits any effort to alter the method of computing normalized prices for agricultural commodities in effect January 1, 1987. This section requires the Federal water resource agencies (the Departments of the Interior, Army, Agriculuture, and the Tennessee Vally Authority) to continue to justify new

agricultural development water projects on the basis of agricultural commodity prices that overstate project benefits by including the effects of USDA price support and income maintenance programs for surplus crops.

The provision undermines recently-implemented Administration efforts to reform the way Federal agencies justify agricultural development water projects. The Administration's new normalized prices remove the effects of the USDA programs for surplus crops. The previous practice of double-counting benefits has resulted in construction of unneeded water projects that, in turn increase the production of surplus crops and cause additional downward pressure on farm prices. This situation is particularly intolerable when Federal taxpayers are spending $25 billion a year for price and income maintenance for farmers because of substantial overproduction of surplus crop, including certain farmers (primarily in the West) growing these surplus crops with water supplied by Federal projects at rates well below the true costs (a benefit worth hundreds of millions of dollars annually).

Sale of ACIF Loans. The Administration objects strongly to section 635 that precludes funds to be used to sell ACIF loans. This type of restriction has the direct result of preventing the Administration from achieving significant improvements in the management of credit programs and should be deleted.

Food and Drug Administration. In rejecting the President's proposal for FDA user fees, the Committee retains restrictive language prohibiting the use of funds to develop, establish, or implement user fees. This language represents an intrusion into effective management of FDA drug and device approvals and would seriously hamper FDA's effort to improve the processing of new drug and device applications.

Commodity Supplemental Food Program. The Administration opposes language that forbids CSFP from reimbursing CCC for commodities donated to the program. The reimbursement of CCC for commodities is a valid program expense, and failure to pay for donated CCC items understates the resources needed to maintain CSFP food packages. This restriction results in subsidies to CSFP by CCC.

Minimum Staffing Levels. Section 626 mandates minimum staffing levels for four bureaus of USDA -- Farmers Home Administration, Agricultural Stabilization and Conservation Service, Rural Electrification Administration, and Soil Conservation Service. This infringes on the Executive Branch's ability to implement programs efficiently and effectively.

Credit to Poland. The Administration continues to object to section 620 restricting the President's ability to conduct foreign policy by modifying terms of existing U.S. commitments to U.S. banks under credit guaranteed to the Polish People's Republic.

FmHA Debt Collection. Section 531, which denies the Administration the opportunity to use private debt collection agencies, is objectionable. Sound debt management requires the ability to seek effective and cost-efficient collecti.` alternatives and not to preclude the use of these alternatives.

Intrusions in Executive Branch Matters. The Administration objects to the provisions directing the Chief of Soil Conservation Service to report directly to the Secretary of Agriculture and precluding funds to be used for consolidating technical centers. These provisions, as well as section 617 that disallows the phasing out of the Resource Conservation and Development Program are inappropriate intrusions in Executive Branch matters.

Mandating New Construction Projects. Section 622 directs the Secretary of Agriculture to initiate construction on not less than twenty new projects under the Watershed Protection and Flood Prevention Act and not less than five new projects under the Flood Control Act. These types of decisions should be reserved for the Federal managers tasked with executing these programs.

Release of Proprietary Information. The Administration objects to section 630 because laws to enforce and control the release of proprietary information already exist. Given the protections already established by these laws, this provision will only serve to hamper the effective administration of the program.

Financing of Larger Homes. The Administration opposes the inclusion of section 632 as an attempt to legislate the financing of larger homes under the section 502 program. Where and when appropriate, the Administration will take administrative action to permit financing of larger homes.

STATEMENT OF ADMINISTRATION POLICY

May 31, 1988
(House Rules)

H.R. - HUD/INDEPENDENT AGENCIES APPROPRIATIONS BILL, 1989
(Sponsors: Whitten (D), Mississippi;
Boland (D), Massachusetts)

The HUD-Independent Agencies Appropriations Bill approved by the full Appropriations Committee provides excessive funding levels and contains objectionable language provisions. If the bill were presented to the President in its current form, the Director of the Office of Management and Budget would recommend that he veto it.

The budget authority provided by the Committee for discretionary programs is $1.5 billion in excess of the President's request. Some of the increases would provide for the expansion of low-priority services, at the expense of reductions to higher national priority programs. The following increases in budget authority relative to the President's request are either inappropriate or unnecessary:

-- $825 million for subsidized housing. The Committee's proposed subsidized housing program mix would serve 23 percent fewer low-income families in 1989 -- 83,438 versus 108,000 in the President's Budget.

-- $582 million for EPA sewage treatment construction grants. This excessive funding is not necessary to meet municipal compliance requirements and would fund many lower priority projects.

-- $520 million for Community Development Block Grants (CDBG). The Administration proposed $2.5 billion in BA, augmented with a transfer of $145 million from the Section 312 rehabilitation loan fund account. While the Committee has agreed that Section 312 resources could better be used elsewhere, it does not go along with the President's request to use Section 312 to supplement the CDBG program. Instead, the Committee would transfer a Section 312 balance of $200 million to Urban Development Action Grants. This will use scarce budget resources to continue UDAG's outmoded "pork barrel" programs despite the clear need to terminate the program.

-- $225 million for the Veterans Administration (VA) primarily to increase staffing by 3,513 FTE beyond that which is warranted. The Administration believes that with its expected increase in productivity, the VA can continue to provide timely and effective delivery of benefits and quality medical care to all veterans expected to apply for care without these increases.

On the other hand, the Committee reduces funds for other programs significantly below the Administration's request, changing the balance among executive branch priorities that were constructed carefully within the limits of the Bipartisan Budget Agreement.

The following reductions in budget authority relative to the President's request are particularly objectionable:

-- While the Committee's very strong support for the Space Station is appreciated, the general reduction of $205 million from the Shuttle funds could seriously affect NASA's ability to achieve an adequate Shuttle flight-rate build-up, further delaying national security missions and increasing costs to other programs.

-- The reduction of $110 million (over one-half of the funds requested) for NASA's procurement of expendable launch vehicle services will reduce needed access to space for important scientific missions already delayed by at least three years, thus exacerbating the effect of the reduction in Shuttle funding.

-- The Committee reduces the President's FY 1989 increase for all of the National Science Foundation's proposed research programs by almost 60 percent. Such action will hinder efforts to strengthen the nation's scientific and technological base.

-- The Committee's $175 million reduction to the Hazardous Substance Superfund account may prevent EPA from meeting statutory deadlines and unnecessarily delay the clean up of 10-15 sites ready for clean up.

The enclosed material more fully describes these and other funding and language provisions that are objectionable.

The Administration urges the House to redirect the excessive increases in low-priority programs to more important national priorities, thereby providing a FY 1989 HUD-Independent Agencies Appropriations Bill that the President can sign.

Enclosure

FY 1989 HUD/INDEPENDENT AGENCIES APPROPRIATIONS BILL
OBJECTIONABLE PROVISIONS

I. FUNDING LEVELS

Department of Housing and Urban Development (HUD)

Subsidized Housing. The BA level for subsidized housing is $825 million higher than requested in the President's Budget. At the same time, the House's subsidized housing program mix would serve 23 percent fewer low-income families in 1989 -- 83,438 versus 108,000 in the President's Budget. The most objectionable components within the subsidized housing program funded by the House include: (1) $35 million for Nehemiah, a new moderate-income housing subsidy program; (2) 2,000 subsidies funded under the new handicapped program rather than under Section 202/8; (3) 5,000 Section 8 Moderate Rehabilitation units; (4) $343.3 million for the construction of 5,000 new public housing units; and (5) $1.6 billion for public housing modernization, $600 million higher than in the President's 1989 request.

Urban Development Action Grants (UDAG). The Committee proposes to fund UDAG at $200 million through a transfer from the Section 312 program. The President's budget provided no funding for this program in 1989. Rather than supporting another year of UDAG pork projects, these resources should be directed to other programs which more efficiently and effectively address the nation's community development needs.

Community Development Action Grants (CDBG). The House Appropriations Committee proposes $3 billion in new BA for CDBG. Given the need for budget restraint, we believe that the $2.5 billion in BA proposed in the President's budget (together with a $145 million transfer from the Section 312 account) is sufficient funding for this program in 1989. The Committee also continued the unneeded Section 108 loan guarantee program.

Payments for Low-Income Housing Projects. The House Appropriations Committee has provided $1.62 billion for public housing operating subsidies. This BA level exceeds the President's request of $1.52 billion which fully funds the operating needs of public housing projects, as projected by the Performance Funding System formula.

Management and Administration, Salaries and Expenses. The Committee bill increases HUD staffing by 643 staff-years, an amount well in excess of the President's request and of that justified by estimated program activity. In addition, the Committee funds the higher staffing level

through budget gimmickry to avoid the discretionary funding ceiling. This entire staffing increase is paid for with FHA Fund resources (which are not subject to the discretionary cap), even though only a fraction (38 percent) is to be used for FHA-related activities. A scorekeeping adjustment of $13.7 million will be added to the Committee's discretionary total.

Environmental Protection Agency (EPA)

Construction Grants. The Administration strongly opposes the increase of $582 million for sewage treatment construction grants. Excessive funding for this program was one of the primary reasons for the President's veto of the 1987 Water Quality Act. Funding above the President's Budget is not necessary to meet municipal compliance requirements and would fund many lower priority projects. The Administration also objects to the unjustified funding of projects in Iowa, Massachusetts, and New York under special rules not available to other projects and outside the normal state allocation process.

Asbestos Program. The $40 million added by the Committee for the Asbestos School Loan and Grant Program is not necessary. It was not contained in the President's Budget because prior year appropriations have reduced the asbestos problem greatly. This additional funding would go to State and local agencies that are capable financially of addressing the problem themselves, or to low-priority projects that do not represent an environmental threat. Approximately $153 million in Federal funds have been provided to complete 1,767 projects in local educational agencies showing the greatest financial and environmental needs. The financial responsibility for asbestos abatement now rests with States and localities. Thirty-two states have enacted more than 60 asbestos-related laws and nearly half of the States have financing provisions in these laws.

Hazardous Substance Superfund. The Administration opposes the $175 million reduction to the President's Budget for the Hazardous Substance Superfund. This reduction may prevent EPA from meeting statutory deadlines and unnecessarily delay the cleanup of 10-15 sites ready for cleanup.

Operating Program: Abatement, Control and Compliance; Salaries and Expenses; Research and Development. The Committee bill would add $45 million (excluding asbestos loans and grants) and 70 FTEs to the President's Budget spread across EPA's operating program. These increases would either fund low-priority activities or special interest projects, or would increase current resources beyond levels consistent with Administration policy. The

Administration urges the House to reduce this funding to the requested level.

National Aeronautics and Space Administration (NASA)

Space Flight, Control and Data Communications (SFCDC); Research and Program Management (R&PM). While the Administration appreciates the Committee's very strong support for the Space Station, some reductions are very troublesome. The general reduction of $205 million from the Shuttle funds could seriously affect NASA's ability to achieve an adequate shuttle flight-rate buildup. Delays in Shuttle flight-rate buildup could result in further delays in important national security missions and in increased costs to other programs. The reduction of $110 million, (over half of the funds requested) for the procurement of expendable launch vehicle services will reduce needed access to space for important scientific missions, already delayed by at least three years, thus exacerbating the effect of the reduction in Shuttle funding. The reduction in research and program management ($60 million) will likely require some adverse personnel actions and will seriously affect operational support activities related to the buildup of Space Shuttle flight activity. We urge the House to restore funding for these important activities.

Research and Development (R&D). In light of the recent action by the House Committee on Science, Space and Technology regarding the Commercially-Developed Space Facility, the rescission of $25 million of FY 1988 funds (originally intended for the Industrial Space Facility) is premature. We urge the House to reconsider its action.

National Science Foundation (NSF). The Committee has reduced the President's fiscal year 1989 increase for all of NSF's proposed research programs by almost 60 percent. Such an action would forestall the proposed doubling of the Foundation's budget and hinder efforts to strengthen the nation's scientific and technological base. Since FY 1985, the Foundation has had essentially a level research budget. This has forced the deferral of important research initiatives -- including increasing the number of research awards; improving undergraduate science and engineering programs; and establishing new Science and Technology Centers -- all ingredients essential for improvements in the nation's economic competitiveness.

Veterans Administration (VA). In total, the Committee recommendation would add $225 million and 3,513 FTE to the President's 1989 request for the Veterans Administration (VA). The Administration believes that with its expected increase in productivity, the VA can continue to provide 1) high quality medical care to all veterans who are

expected to seek VA care and 2) timely and effective delivery of benefits without these increases.

These objectionable increases include:

-- $215 million and 2,782 FTE for VA medical care;

-- $3 million and 601 FTE for the General Operating expenses account, earmarking 590 of that additional FTE to the Department of Veterans Benefits; and,

-- $6 million and 130 FTE for medical research.

In summary, these increases would enlarge the VA's staff beyond that warranted by current services, rather than achieving the staffing reductions and associated dollar savings resulting from the enhanced productivity anticipated in the President's Budget.

The Committee would also shift $12 million from minor construction to major construction and reallocate the funds to different projects in the major construction account. The Committee would add four nursing homes and design funds for a clinical addition in Dallas, Texas, while denying funds for construction of a regional office in Montgomery, Alabama and funding the design, but not the full construction, of a clinical addition in Nashville, Tennessee. The allocation of $31.7 million for a parking garage and nursing home in New Orleans, Louisiana is particularly objectionable as this is over four times the average cost to construct a 120 bed VA nursing home and parking lot ($7.5 million). The addition of funding for the four new nursing homes will result in permanent increases to operating costs in the out-years of more than $20 million per year. This is over 50 percent more than it would cost to provide nursing home care in these locations through VA's other nursing home programs. Splitting the funding for the design and construction of the Nashville clinical addition is an inappropriate way to budget for capital expenditures. This action, in effect, would shift the allocation of the $37.8 million requested for construction of the Nashville clinical addition to be used for construction and design of other projects, ignoring VA's priorities.

Budget authority of $8.4 million contained in the Administration's request for the General Operating Expenses account, to pay state Approving Agencies, will continue to be scored as a discretionary expenditure. The President signed S.999, which requires that this expenditure be paid from an entitlement account. The scoring as a discretionary expenditure is in accordance with the Bipartisan Budget Agreement. The Committee does not score it as a discretionary expenditure (nor is it

added to the entitlement appropriation). The $8.4 million will be scored as an adjustment to the Committee's discretionary total.

Defense-Related Agencies

Selective Service System (SSS). The Committee has provided a 1.0 percent increase beyond the President's request for this account, for allocation at the agency's discretion. This increase is in addition to the 2.6 percent increase over its FY 1988 budget, received by all Defense-related agencies. The SSS can meet its current mission requirements within the funding level requested by the President.

II. LANGUAGE PROVISIONS

Department of Housing and Urban Development (HUD)

Subsidized Housing: Vouchers. The bill mandates that highest priority in the distribution of vouchers shall be given to families who as a result of rental rehabilitation activities pay rents in excess of 35 percent of their incomes. This means that families with greater rent burdens living elsewhere will be given lower priority. This provision is inconsistent with the desired policy of giving those families who are most in need priority in receiving housing assistance.

Subsidized Housing. The bill raises fees for the costs incurred by housing authorities in administering the Section 8 certificate and housing voucher programs to the level authorized for such fees in Section 8 (q) of the 1987 Housing Act. The Administration opposes this language provision because recent research by GAO and HUD indicates that current fees paid to local housing authorities are actually in excess of incurred costs.

Management and Administration, Salaries and Expenses. The Committee establishes an administratively burdensome and overly prescriptive staffing floor for Public and Indian housing programs. Despite recommending cuts from last year's level for public housing development, the Committee mandates a floor that is 50 staff-years greater than the one required in 1988.

Environmental Protection Agency (EPA)

Pesticides Indemnification (Administrative Provision). The Committee bill includes language that has the effect of requiring the Claims and Judgment Fund, rather than EPA, to pay pesticide indemnification claims. This could automatically add to FY 1989 outlays without further

Congressional oversight and takes pressure off the authorizing committees to address the indemnification issue. It also reduces EPA's incentive to find ways to minimize or contest the amount of these claims and runs counter to recent Justice Department and GAO efforts to limit use of the Judgment Fund.

Veterans Administration. The Committee would continue the cap on staffing for administrative support funded within the VA medical care appropriation that was imposed by the Congress for the last two years. In the 1989 Budget, the Administration had requested that the cap be deleted as an unwarranted intrusion into the day-to-day management of the VA medical care system.

The Committee would also continue to earmark $512 million and 12,898 FTE for the Department of Veterans Benefits. These earmarks unnecessarily restrict the Administrator's ability to manage the agency.

The Committee has not deleted appropriation language in the Major Construction account, as requested in the President's FY 1989 Budget dealing with section 1015 of the Impoundment Control Act of 1974 (title X of Public Law 93-344), by which the Comptroller General can classify impoundments and trigger whatever statutory procedures and time tables the 1974 Act provides. To the extent that consequences follow from such action by the Comproller General, constitutional questions may be raised.

STATEMENT OF ADMINISTRATION POLICY

Revised - LA (10/6/88)

October 6, 1988
(Senate)

H.R. 387 - Federal Equitable Pay Practices Act
(Oakar (D) OH and 150 others)

The Administration strongly supports the principle of equal pay for equal work as embodied in current law. Moreover, the Administration supports full enforcement of the current law and rejects attempts to undermine that principle.

H.R. 387's plan to determine the existence of discrimination in Federal pay practices, however, is not based on the clear standards defining discrimination in title 5 of the United States Code, the Equal Pay Act, or title VII of the Civil Rights Act of 1964. The bill requires a study which would inevitably use subjective criteria not primarily based on labor market supply and demand. Furthermore, the membership of the mandated study commission established by the bill to judge the results of the study has been structured to ensure a majority supportive of the subjective pay determinations that would arise from a comparable worth policy.

The Administration, accordingly, opposes enactment of H.R. 387. If H.R. 387 were to reach the President's desk, his senior advisers would recommend that it be vetoed.

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STATEMENT OF ADMINISTRATION POLICY

February 11, 1988
(House Rules)

H.R. 1054 - Military Medical Malpractice Claims
(Frank (D) Massachusetts and 74 others)

The Administration opposes H.R. 1054, and the President's senior advisers would recommend that he veto the bill if presented to him in its present form.

H.R. 1054 is objectionable because it would legislatively limit the Supreme Court's long-standing Feres doctrine, which holds that "the government is not liable under the Federal Tort Claims Act for injuries to servicemen where the injuries arise out of or are in the course of activity incident to service." There already exists a separate, uniform, comprehensive, and no fault compensation scheme for military personnel. H.R. 1054 is also objectionable, because it would (1) involve the courts in the review of military command decisions, thereby weakening military discipline and disrupting the unique relationship between servicemen and the military, and (2) result in inequities by permitting service-incident claims to be determined by nonuniform local laws.

If Congress concludes that additional compensation should be available to service personnel injured by military medical malpractice, the Administration would not object to the establishment of an administrative medical malpractice compensation program under the operation of the Military Claims Act. This alternative would ensure an unbiased review of these claims without requiring the judicial branch to second-guess military decisions.

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STATEMENT OF ADMINISTRATION POLICY

June 13, 1988
(Senate)

S. 1511 - Family Security Act of 1988
(Moynihan (D) NY and 61 others)

The President would veto S. 1511 if it were presented to him in its current form.

As reported out of the Senate Finance Committee, this bill is welfare expansion, not welfare reform. Both Administration and Congressional Budget Office estimates show that under this bill, more families would come onto the welfare rolls than would leave.

The President believes that welfare reform -- real reform -- is sorely needed. The bill would be acceptable if amendments were adopted to:

- require that those able to do so work and those of school age remain in school as a condition of receiving welfare.

- expand the Executive branch's authority to waive federal laws and regulations to allow States to carefully test innovative new ideas for increasing the economic self sufficiency of low income individuals and families while ensuring that the needs met by the programs being altered continue to be met.

Finally, the bill should encourage more recipient participation in provision of welfare services, particularly child care, so that funds spent on these services lead directly to reduced welfare dependency and the costs of new child care benefits do not spiral out of control.

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STATEMENT OF ADMINISTRATION POLICY

August 4, 1988
(House Rules)

H.R. 1580 - Anti-Apartheid Act Amendments of 1988
(Dellums (D) California and 129 others)

If H.R. 1580 is presented to the President, his senior advisers would recommend that it be vetoed because the bill undermines the President's ability to conduct an effective foreign policy.

Serious negotiations are now underway, under United States auspices, to rid Angola and Namibia of all foreign forces and bring Namibia to independece under U.N. Security Resolution 435. New sanctions would jeopardize South Africa's continued participation in this promising diplomatic initiative.

H.R. 1580, which amends the Comprehensive Anti-Apartheid Act of 1986 by broadening the existing sanctions, would impede rather than advance the goal of promoting further change in South Africa. If the measures called for in H.R. 1580 are enacted, they would lead to increased unemployment of black South Africans and have a significant impact on the U.S. economy and American jobs without hastening the end of apartheid. The proposed legislation would (1) cut off U.S. exports to South Africa worth $1.13 billion in 1987; (2) force American business to sell their nearly $1 billion of direct investment in South Africa at fire-sale prices; and (3) cost the U.S. coal industry about $250 million. Moreover, the extraterritorial reach of the disinvestment requirement and of the multilateral measures to enforce sanctions would undermine our relations with our allies.

Finally, the Department of Justice advises that any prohibition on U.S. intelligence and military cooperation with South Africa unconstitutionally interferes with the President's exclusive authority to recognize foreign governments, to determine the nature and extent of diplomatic relations with them, and to act as commander-in-chief.

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STATEMENT OF ADMINISTRATION POLICY

April 28, 1988
(House)

H.R. 1811 - Atomic Veterans Compensation Act of 1987
(Rowland (D) Georgia and 66 others)

The Administration continues to oppose enactment of H.R. 1811. If H.R. 1811 were to reach the President's desk, his senior advisers would recommend a veto of the bill.

Although the current version of the bill, as recently passed by the Senate, reduces the costs somewhat from the version considered earlier by the House, this does not address the Administration's primary objection to H.R. 1811. The fundamental problem with this legislation is that it would establish broad presumptions of service connection for disability compensation purposes for certain radiation-induced diseases without scientific and medical justification.

Under existing law, veterans with such diseases are already entitled to compensation benefits when service connection is specifically determined, based on sound scientific and medical evidence. Approving the type of blanket presumptions in H.R. 1811 would undermine the integrity of the entire VA compensation system.

The Veterans Advisory Committee on Environmental Hazards has concluded that H.R. 1811 does not have a scientific basis, and does not allow for scientific analysis.

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STATEMENT OF ADMINISTRATION POLICY

April 21, 1988
(Senate)

H.R. 1811 - Atomic Veterans Compensation Act of 1987
(Rowland (D) Georgia and 66 others)

The Administration opposes enactment of H.R. 1811, which would, without scientific justification, establish broad presumptions of service connection for disability compensation purposes for certain radiation-induced diseases. Under existing law, veterans with such diseases are already entitled to compensation benefits when service connection is specifically determined, based on sound scientific and medical evidence.

The Veterans Advisory Committee on Environmental Hazards has concluded that H.R. 1811 does not have a scientific basis, and does not allow for scientific analysis.

If H.R. 1811 were to reach the President's desk, the President's senior advisers would recommend a veto.

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STATEMENT OF ADMINISTRATION POLICY

February 11, 1988
(Senate)

H.R. 2631 - Authorization of Appropriations for the United States Mint
(Annunzio (D) Illinois and two others)

The Administration opposes enactment of H.R. 2631 for the following reasons.

First, by permitting the Mint's coinage profit fund to be used for financing the operational expenses of the Mint's numismatic program, section 2 of H.R. 2631 is contrary to sound budget and accountability principles. Ordinary expenses of this nature should be budgeted for in the customary manner and should be subject to appropriations review. Further, the Mint's appropriations account should be reimbursed from the proceeds of the Mint's sales, as appropriate.

Second, section 2 of the bill would also have the practical effect of exempting the Mint's numismatic program from sequestration under the Balanced Budget and Emergency Deficit Control Act ("Gramm-Rudman-Hollings"). Such an exemption would be most unwise. Attempts to exempt programs from sequestration must be strenuously resisted in order to prevent a flood of requests for similar treatment in other programs.

Third, the bill's "buy America" provision (section 4) could cause the United States to violate the Agreement on Government Procurement under the General Agreement on Tariffs and Trade. The provision would invite retaliation and would raise unnecessary questions about the willingness of the United States to honor its international commitments.

The President's senior advisors would recommend disapproval of H.R. 2631 if presented to the President in its current form.

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STATEMENT OF ADMINISTRATION POLICY

April 11, 1988
(Senate)

H.R. 3025 - Appalachian States Low-Level Radioactive Waste Compact
(Rep. Carper (D) Delaware and 29 others)

The Administration opposes H.R. 3025 because the bill contains a provision which would authorize the Appalachian States Low-Level Radioactive Waste Commission (ASLLRWC) to enforce Federal law. Under this provision the Commission members, who are appointed by the ASLLRWC member States, would be operating in violation of the Appointments Clause of the U.S. Constitution because the Commission members would not be appointed by the President.

If H.R. 3025 were presented to the President in its current form, the Department of Justice would recommend that it be disapproved.

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STATEMENT OF ADMINISTRATION POLICY

October 3, 1988
(House Rules)

H.R. 3343 - Consumer Product Safety Improvement Act of 1987
(Florio (D) New Jersey and 30 others)

If H.R. 3343 were presented to the President, his senior advisors would recommend that it be vetoed.

H.R. 3343 fails to address the organizational difficulties of the Consumer Product Safety Commission (CPSC) by continuing the commission form of administration. The bill rejects the President's proposal to reorganize the CPSC from a multi-member commission to a single-administrator agency -- as recommended by the General Accounting Office and the National Academy of Public Administration -- and to transfer the agency from independent status to the Department of Health and Human Services. In addition, H.R. 3343 would:

-- remove the President's authority to appoint the Chairman of the CPSC, further removing the agency from executive oversight.

-- provide an unnecessary and unwarranted expansion of Federal regulatory authority by including permanently-fixed amusement rides and devices throughout the States and territories within CPSC's regulatory authority.

-- ban weighing of the cost to industry in determining remedial action. This would damage industry, lead to higher product prices, and prevent the CPSC from making fully informed decisions regarding the effects of its actions.

-- establish a personnel floor of 525 full-time CPSC employees, excessively restricting administrative flexibility.

-- require CPSC to regulate All-Terrain-Vehicles (ATVs) and require manufacturers of 3-wheel ATVs to refund the purchase price of such ATVs to consumers who return them. This provision is unnecessary since the final settlement decree between the Government and ATV manufacturers on March 18, 1988, contains specific, far reaching, and costly commitments by the industry pertaining to every element of relief deemed necessary.

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STATEMENT OF ADMINISTRATION POLICY

Revised - LA 10/6/88

October 6, 1988
(House)

H.R. 3361 - National Institutes of Health Reauthorizations Act of 1988
(Waxman (D) California)

The Administration opposes enactment of the Senate-passed version of H.R. 3361. Moreover, we understand Representative Waxman will be offering an amendment to H.R. 3361 in the nature of a substitute which the Administration finds totally unacceptable. The amendment makes substantial changes to the $7 billion programs of the National Institutes of Health.

An amendment of this magnitude should only be acted upon following appropriate consideration of the issues. The Waxman amendment was not subject to hearings, committee markup, or agency comment. The Waxman amendment contains controversial and objectionable provisions which would:

-- permit waivers to be granted allowing for certain fetal research to be funded;

-- prohibit the Biomedical Ethics Board from considering issues related to the use of fetal tissue in research or in any other biomedical application; and

-- establish a number of new, unnecessary, and unwarranted program authorities and requirements, such as a new construction authority and authorization for a new National Center for Medical Rehabilitation Research, which would divert scarce resources away from research. In addition, the bill would create a new Office of Scientific Integrity which is premature in view of ongoing rulemaking on the broader subject of scientific misconduct.

If the bill is presented containing the Waxman amendment, the President's senior advisers would recommend its disapproval.

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STATEMENT OF ADMINISTRATION POLICY

March 17, 1988
(House)

H.R. 3396 - Rehiring of former Air Traffic Controllers
(Molinari (R) NY)

The Administration opposes the enactment of H.R. 3396, which would mandate rehiring of former air traffic controllers (ATCs) who engaged in the illegal strike against the Government in 1981. If H.R. 3396 were presented to the President, his senior advisers would recommend that it be vetoed.

Forced rehiring of the illegal strikers (1) is opposed by current ATCs as a threat to good morale and staff cohesiveness; (2) would require expensive retraining of the former ATCs due to changes in the system, although, because of their age, they will be unable to serve as long as new hires; (3) introduces a contentious issue into critical aspects of air safety; and (4) gravely threatens the Federal Aviation Administration's management of the air traffic control system.

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STATEMENT OF ADMINISTRATION POLICY

(Revised)

June 6, 1988
(House)

H.R. 3436 - Medicare Long-Term Home Care Catastrophic Protection Act of 1987
(Pepper (D) Florida)

The Administration opposes H.R. 3436. If this bill were to reach the President's desk, his senior advisers would recommend that he veto it.

H.R. 3436 attempts to address the complex, difficult issue of long-term health care without the benefit of careful deliberation or public hearings. Before the House considers any major new policy departure for the Medicare program like H.R. 3436, thorough congressional hearings should be held and all of the bill's fiscal and other implications should be carefully considered.

H.R. 3436 is seriously objectionable because:

- inadequate funding of the services promised by the bill would add $9 billion to the FY 1990 deficit, increasing to more than $26 billion in FY 2000.

- it would require increased taxes on a selected group of Americans and may violate the spirit, if not the letter, of the 1987 Bipartisan Budget Agreement between the President and the Congressional Leadership.

- it is inappropriate as a means of providing income protection from long-term care expenses. The Medicare program was designed to provide the elderly with access to adequate acute medical care. H.R. 3436 would expand Medicare to cover non-acute, non-medical care (custodial care and social services).

- the Medicare program would be expanded at a time when the Medicare trust funds are under severe financial stress.

- the development of the private long-term care insurance market would be severely curtailed, although this market offers the greatest degree of flexibility, choice, and innovation, which are particularly important attributes to promote in today's rapidly evolving long-term care industry.

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STATEMENT OF ADMINISTRATION POLICY

October 5, 1988
(House)

H.R. 3621 - Southern California Indian Land Transfer Act
(Hunter, Packard and McCandless (R) California)

The Administration strongly opposes Title II of H.R. 3621 because it would provide up to $100 million for a new Federally subsidized financial corporation for Indian economic development that would duplicate existing programs. Title II would also place the Federal Government at considerable financial risk without providing for adequate Federal oversight. Title II largely duplicates, at high cost, existing Bureau of Indian Affairs direct loan and quaranty programs authorized by the Indian Financing Act. In fact, on September 22, 1988, the President approved P.L. 100-442 which substantially expanded the scope of the Indian Financing Act and increased the total loan guarantee authorization under the Act from $200 million to $500 million.

If H.R. 3621 were presented to the President, the Secretary of the Interior and the Director of OMB would recommend that the bill be vetoed.

In addition, the Administration opposes Title I of H.R. 3621 because it violates longstanding policy requiring the payment of fair market value for Federal lands conveyed to non-Federal entities.

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STATEMENT OF ADMINISTRATION POLICY

(Revised - LA)

September 30, 1988
(House)

H.R. 3718 - Small Business Debentures Refinancing
(LaFalce (D) New York and Durbin (D) Illinois)

If H.R. 3718 were presented to the President in its current form, the Secretary of the Treasury and the Director of the Office of Management and Budget would recommend that it be vetoed. The Administration opposes H.R. 3718 because it would reduce the prepayment penalty currently required for certain SBA-guaranteed debentures when such debentures are paid off early. This would result in a substantial subsidy to borrowers and significant receipt losses to the Government in future years.

H.R. 3718 is also objectionable because it would permit the lowering of interest rates on the debentures of certain SBA-supported companies.

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STATEMENT OF ADMINISTRATION POLICY

(Revised - LA)

July 27, 1988
(House Rules)

H.R. 3822 - Intelligence Oversight Act of 1988
(Rep. Stokes (D) Ohio and two others)

If H.R. 3822 is presented to the President, his senior advisers would recommend that it be vetoed because the bill is unwise and constitutionally defective.

Specifically, H.R. 3822 would:

-- infringe on the President's ability to conduct foreign policy by requiring the executive branch to report, without any exception whatsoever, every "finding" approving a covert action to Congress prior to the initiation of the covert action or, when time is of the essence and the covert action must begin before notice can be given, as soon as possible, but in no event later than 48 hours of the signing of that finding;

-- undermine the President's ability to fulfill his constitutional duties in the field of foreign affairs by purporting to eliminate all flexibility to delay notification of Congress to meet rare, extraordinary circumstances -- such as situations where innocent lives are at stake -- until he determines that the circumstances requiring delay no longer exist;

-- interfere with the President's ability to act with the necessary expedition, flexibility, and secrecy in foreign affairs, in violation of the constitutional principle of separation of powers; and

-- constrain the President's ability to work with other governments that insist on secrecy.

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STATEMENT OF ADMINISTRATION POLICY

January 29, 1988
(House)

H.R. 3875 - Civil Service Due Process Amendments
(Schroeder (D) Colorado and two others)

The Administration opposes enactment of H.R. 3875, and if it were presented to the President in its present form, the President's senior advisers would recommend that it be vetoed. Accordingly, the Administration urges that H.R. 3875 not be considered under suspension of the rules and that it be amended as follows:

-- Delete section 2 of the bill, which would extend appeal rights to non-veteran employees in the excepted service. Such employees should not enjoy the same procedural and appellate rights as employees in the competitive service;

-- Amend section 3, which would provide interim relief to employees who prevail in an appeal of an adverse personnel action at the regional level, to provide essential flexibility to agencies to retain or restore an employee, as appropriate, in a comparable grade, pay, or location; and

-- Delete section 6, which would substitute the Merit Systems Protection Board for the employing agency as the respondent in certain appeals cases, thereby seriously undermining the litigating authority of the Attorney General. It is inappropriate for the Board, a quasi-judicial body, to participate in defending its decisions.

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STATEMENT OF ADMINISTRATION POLICY

September 8, 1988
(House)

H.R. 3957 - Delaware and Lehigh Navigation Canal National Heritage Corridor Act of 1988
(Kostmayer (D) PA and Ritter (R) (PA))

The Administration opposes H.R. 3957. The National Park Service already has adequate authority to coordinate and assist State and local governments in historic preservation and interpretation. H.R. 3957 would inappropriately expand the Federal role in what is primarily a local historic preservation effort. Moreover, under section 5(b), the Secretary of the Interior may not appoint an individual to the Delaware and Lehigh Navigation Canal National Heritage Corridor Commission without the approval of the Governor of Pennsylvania, and, therefore, this section unconstitutionally deviates from the Appointments Clause of the Constitution. In addition, Sec. 9(b)(3) of the bill would unconstitutionally authorize the Governor of Pennsylvania, who is not an Officer of the United States, to extend the life of a Federal Commission.

If enacted in its current form, the Attorney General would recommend veto of H.R. 3957.

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STATEMENT OF ADMINISTRATION POLICY

(Revision)

July 12, 1988
(House Rules)

H.R. 3964 - National Park Service Review Board
(Vento (D) Minnesota and 86 others)

If H.R. 3964 is presented to the President, the Secretary of the Department of Interior, the Attorney General, and the Director of the Office of Management and Budget would recommend that he veto the bill. This bill's limitation on the President's authority to remove the Director of the National Park Service, and the exemption from Presidential review of the Director's legislative and budgetary recommendations to Congress, represent an unwise and unconstitutional impairment of the unitary powers of the Executive branch.

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STATEMENT OF ADMINISTRATION POLICY

(Revised per LA)

July 22, 1988
(House)

H.R. 4054 - Inspector General Act Amendments of 1988
(Brooks (D) Texas and two others)

The Administration would not object to House passage of H.R. 4054 if it were amended to: **(1) ensure that the required reporting to Congress by Inspectors General (IG's) and the President (with respect to removal of an IG) is constitutionally acceptable under the separation of powers principle, (2) provide safeguards to protect Department of Justice criminal investigations and** (3) adopt language identical to that in S. 908, as passed by the Senate, that would create statutory IG's at the Department of the Treasury. **The Administration is prepared to work closely with Congress to develop suitable amendments.** Unless these amendments are adopted, however, the **President's senior advisers would recommend a veto of H.R. 4054.**

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STATEMENT OF ADMINISTRATION POLICY

(Revised - LA)

September 27, 1988
(House Rules)

H.R. 4127 - American Heritage Trust Act
(Udall (D) AZ and 232 others)

If H.R. 4127 were presented to the President, the Secretary of the Interior, the Secretary of Agriculture and the Director of the Office of Management and Budget would recommend that he veto the bill. Despite the description of the bill by some of its proponents as "self-financing," H.R. 4127 would increase annual Federal spending (and the Federal budget deficit) for land acquisition, urban parks, and historic preservation programs by approximately $300 million in FY 1990, over $1 billion by FY 1996, and over $1.2 billion by FY 2000.

These increases would take place automatically, without any need for appropriations action and with little Executive branch or Congressional oversight. The FY 1990 automatic funding level would be more than double what Congress has chosen to appropriate for the same purposes in FY 1989, operating under the strictures of the Gramm-Rudman-Hollings Act. Within ten years, appropriations due to H.R. 4127 would be at least six times current levels. These spending levels would be far beyond any demonstrated need, would compound the already critical problem of controlling the Federal deficit, and would be fiscally irresponsible in the extreme.

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STATEMENT OF ADMINISTRATION POLICY

(Revised)

June 16, 1988
(House)

H.R. 4150 - Postal Reorganization Act Amendments of 1988
(Ford (D) Michigan and 357 others)

The Administration is opposed to removing the U.S. Postal Service from the Federal Budget, and the President's senior advisers would recommend that he veto H.R. 4150 if it is presented to him in its current form. The U.S. Postal Service is wholly-owned by the Federal Government, and its revenues, expenses, and liabilities are Federal revenues, expenses, and liabilities. Omitting the U.S. Postal Service from the Budget would therefore misrepresent the full range of the Federal Government's financial activity and the true extent of the Federal deficit and would lead to further erosion of the integrity of the unified budget by encouraging other Federal entities to seek off-budget status.

In addition, the Administration opposes the increased authority that H.R. 4150 would grant the USPS to borrow from the Federal Financing Bank. This provision would exacerbate the explosive growth in USPS's capital debt (which has increased from $1.4 billion in FY 1983 to $7.2 billion in FY 1989). This increased borrowing has frequently financed projects motivated by political considerations rather than genuine business needs, led to the purchase of equipment to perform functions that could be more economically contracted out to private firms, and diminished the amount of credit available, raising interest rates for private, State, and local borrowers.

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STATEMENT OF ADMINISTRATION POLICY

(LA revised 4/29/88)

April 28, 1988
(Senate)

H.R. 4222 - Extension of Application Period for Illegal Immigrant Legalization Program
(Rep. Mazzoli (D) Kentucky)

The Administration strongly opposes H.R. 4222 and the Attorney General will recommend that the President veto the bill if it is presented to him.

The Administration opposes extending the period during which certain aliens illegally in the country can apply for legalization, pursuant to the provisions of the Immigration Reform and Control Act of 1986, because any such extension would: (1) not increase significantly the number of applications submitted, (2) increase the cost of the legalization program, and (3) undermine the basic consensus reached in enacting the landmark immigration reform legislation and create further expectations of additional changes or extensions to the legalization program.

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STATEMENT OF ADMINISTRATION POLICY

September 15, 1988
(House)

H.R. 4469 - Hoopa-Yurok Settlement Act
(Bosco (D) CA, Coelho (D) CA, and Miller (D) CA)

The Secretary of the Interior and the Director of the Office of Management and Budget would recommend that the President veto H.R. 4469, unless it is amended to delete a provision requiring a gratuitous Federal contribution of $15 million to the Hoopa-Yurok Indian settlement. The Federal Government has no liability with regard to the intertribal dispute that this Act would resolve, and there is no justification for a Federal contribution.

The Administration, therefore, urges that H.R. 4469 not be considered under suspension of the rules, and that it be amended accordingly.

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STATEMENT OF ADMINISTRATION POLICY

(FINAL - as sent to Hill)

May 11, 1988
(House)

H.R. 4471 - Miscellaneous International Affairs Authorization Act of 1988
(Rep. Fascell (D) Florida and four others)

If H.R. 4471 is presented to the President in a form that includes the text of H.R. 3100, the House-passed Foreign Assistance Authorization, his senior advisers would recommend that he veto the bill. However, the Administration would support enactment of H.R. 4471 in the form it was reported by the Committee on Foreign Affairs.

The Administration opposes H.R. 3100 because the bill includes numerous earmarks, ceilings, limitations, and other constraints on the implementation of the Administration's foreign assistance programs. These extensive restrictions would impede a continuation of existing programs and the ability to respond to changing foreign policy challenges. In particular, these restrictions would:

-- Restrain our ability to carry out normal foreign assistance relationships with security assistance recipients that also wish independently to support the Nicaraguan Democratic Resistance. These restrictions also raise constitutional concerns.

-- Earmark assistance for particular countries and programs in excess of the Administration's request and thus substantially reduces assistance for other countries with which the United States shares significant foreign policy and humanitarian interests.

-- Micro-manage the foreign assistance program, compounding an already complex administration of foreign assistance activities and adding inevitable delay and inefficiencies in the provision of assistance.

-- Cause serious harm to our bilateral relations with strategically important allies and friends.

With respect to H.R. 4471 as reported, the Administration will work in the Senate to seek inclusion of the Administration's proposal for investment policy reform. Investment policy reform is key to the Administration's effort to promote favorable investment climates abroad.

The Administration has no objection to providing the Overseas Private Investment Corporation (OPIC) with legal authority to operate in Hungary as authorized by H.R. 4471. However, pursuant to statutory requirements and Administration policy, respectively, commencement of the OPIC program in Hungary will be contingent on a determination regarding whether Hungary has taken steps to accord worker rights and an assessment of Hungary's investment policies.

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STATEMENT OF ADMINISTRATION POLICY

September 28, 1988
(Senate)

H.R. 4526 - Expansion of Manassas National Battlefield
(Andrews (D) Texas and 203 others)

The Administration opposes enactment of H.R. 4526, and, if it is enacted in its current form, the Secretary of the Interior and the Director of the Office of Management and Budget would recommend that it be vetoed.

The National Park Service does not believe that the 542-acre William Center tract adjacent to Manassas National Battlefield warrants Federal acquisition. Accordingly, the cost of acquiring this property by the unusual method of legislative taking -- a cost of up to $100 million -- is entirely unwarranted. This expenditure, equal to several years of National Park Service land acquisition funding nationwide, would violate the limitations on direct spending contained in the Bipartisan Budget Agreement reached last November between Congress and the Administration. Also, enactment of the bill would complicate efforts to meet FY 1989 deficit reduction targets set by the Gramm-Rudman-Hollings Act, and increase the chance of a Government-wide sequester.

Moreover, Federal acquisition of the William Center property would not address the most important long-term issue at the battlefield, which is the amount of traffic on roads within the current boundaries of the battlefield. The Administration believes that a negotiated settlement of these issues -- involving the Department of the Interior, State and local officials, and private interests -- should be pursued in lieu of legislation, to avoid the extraordinary costs that would be imposed by H.R. 4526.

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STATEMENT OF ADMINISTRATION POLICY

September 23, 1988
(House)

H.R. 4547 - Local Rail Service Assistance Reauthorization
(Wyden (D) Oregon and 10 others)

The Administration opposes enactment of H.R. 4547, and the Secretary of Transportation and the Director of the Office of Management and Budget would recommend that it be vetoed if it were presented to the President. The Local Rail Service Assistance Program has already fulfilled the purpose for which it was created, and the authorization of additional appropriations is contrary to the need to reduce the deficit.

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STATEMENT OF ADMINISTRATION POLICY

September 22, 1988
(House)

H.R. 4550 - Decennial Population Census - Administrative Requirements
(Bonker (D) Washington and 6 others)

If H.R. 4550 were presented to the President in its present form, the Attorney General, the Director of the Office of Management and Budget, and the Secretary of Commerce would recommend that it be vetoed.

The Administration opposes H.R. 4550, because: (1) by precluding Presidential supervision of the Commerce Department's development of census-related materials, it would impermissibly interfere with the President's constitutional obligation and right to review and supervise his Executive branch subordinates, thereby violating the separation of powers doctrine; and (2) it would upset the careful balancing between the need for essential data and the reporting burden imposed on the public that is reflected in the Administration's currently-proposed questionnaires.

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STATEMENT OF ADMINISTRATION POLICY

June 9, 1988
(House)

H.R. 4775 - TREASURY/POSTAL APPROPRIATIONS BILL, FISCAL YEAR 1989
(Sponsors: Whitten (D), Mississippi; Roybal (California)

The Treasury/Postal Service Appropriations Bill for FY 1989 provides funding levels that are generally consistent with the President's request. The Committee, however, failed to recognize the Administration's proposal to eliminate inappropriate postal subsidies resulting in budget authority that exceeds the President's request by $458 million.

The bill also includes many objectionable language provisions as well as other provisions restricting the Administration from exercising necessary managerial discretion in fulfilling its executive responsibilities. If this bill were presented to the President in its present form, I would recommend that he veto the bill.

The language provision most objectionable to the Administration and which alone would be grounds for vetoing this bill, requires that the Office of Management and Budget make appropriated funds available for use in strict accordance with otherwise non-binding directives and earmarks included in committee reports. This provision constitutes a totally unacceptable restriction on the Executive Branch's ability to execute appropriations statutes.

The Administration objects to the provision that provides a 4 percent pay raise for Federal civilian personnel and that allows additional appropriations to fund up to 50 percent of the cost of the increase in total pay. We believe that this provision can be interpreted to violate the Bipartisan Budget Agreement by necessitating pay supplementals. The Bipartisan Budget Agreement explicitly prohibited all supplemental appropriations except in "dire emergency". It is, therefore, the Administration's position that all costs of pay increases must be fully absorbed. No supplementals will be transmitted.

Several other language provisions are unacceptable. Of particular concern to the Administration is the language the House has included which waives the budgetary constraints established by the Anti-deficiency Act and directs the lease/purchase of four buildings to be constructed. The Anti-deficiency Act requires that the current Administration and the Congress not commit future Administrations and Congresses to payments without recognizing the full cost of such projects by properly obligating funds to cover these payments. Together, these four projects commit the government to future obligations of over $800 million in construction costs which are not properly

reflected in the bill due to the waiver of the Anti-deficiency Act. The Administration opposes the hiding of budget costs in this manner.

A similar objection exists for the provision which authorizes the lease/purchase of a building for the Internal Revenue Service in Memphis, Tennessee, a new building for the Center for Disease Control, Atlanta, Georgia as well as the provision authorizing the Archivist to acquire a new facility in Maryland.

Additional language provisions attempt to remove the flexibility necessary to the Administration to perform its executive responsibilities. Most objectionable are:

-- Failure to adopt a limitation on program expenses for the Federal Retirement Thrift Investment Board.

-- Prohibition against closure or consolidation of executive seminar centers in the OPM appropriation.

-- Imposition of an FTE floor limiting management's ability to adjust staffing to workload and productivity shifts in the Customs and Alcohol, Tobacco and Firearms appropriations.

This bill also excludes language to ensure that all blue-collar workers including those under negotiated agreements receive the same pay raise as white-collar employees in the Federal Government.

While the funding provisions in the bill are generally consistent with the President's request, the House Committee on Appropriations did not anticipate the enactment of the proposal submitted to Congress that would reduce the level of subsidies provided to the Postal Service. The bill provides for a "revenue foregone" appropriation that is $417 million in budget authority above the President's budget proposal. The Committee did not support the Administration's proposal to reduce this subsidy to $19 million. Failure to approve this proposal will continue the use of inappropriate subsidies for certain classes of mailers (e.g., prestigious professional trade organizations, profitable business seminar companies, "piggy back" advertisers, political advocacy groups, etc.).

If during subsequent consideration of this bill the Administration's "revenue foregone" proposal is not adopted, we urge you to oppose any increase in the level of subsidy beyond that provided in the FY 1987 "revenue foregone" appropriations. This would provide 80 percent of the current law level ($350 million) or $86.4 million less than the level provided by the House Committee on Appropriations.

The House Committee on Appropriations also failed to recognize the importance of the Administration's request for funds for a significant management improvement initiative when it did not provide any of the $5.9 million which was to be used for the development of a comprehensive planning, budgeting, and financial management system. Although none of the funds will be made available before January, 1989, this system is badly needed and will serve as a management information system for key decisionmakers in Congress and the Executive Branch for years to come. The Congressional Budget Office and the General Accounting Office have endorsed this modernization effort because of its government-wide application in facilitating the exchange of information between the Congress, OMB, and the agencies.

Attachment

TREASURY/POSTAL APPROPRIATIONS BILL, 1989
OBJECTIONABLE PROVISIONS

I. FUNDING LEVELS

Payment to the Postal Service Fund. The bill provides for a revenue foregone subsidy that is $417 million above the President's budget proposal. The bill does not reflect the Administration's proposal that reduced the budget request to $19 million by eliminating inappropriate use of these subsidies (e.g. political advocacy mail, prestigious professional trade organizations, profitable business seminar companies, etc.) while continuing federal support for free-for-the-blind and overseas voter mail and shifting most residual costs to unsubsidized mailers.

Bureau of Alcohol, Tobacco, and Firearms, Salaries and Expenses. The House Committee on Appropriation's bill provided $12,500,000 and 216 FTE more than the President's request. The FTE level proposed in the President's budget is sufficient to enable ATF to carry out all of its assigned missions and still increase the number of trained enforcement personnel in operational units.

Federal Law Enforcement Training Center. The House Committee on Appropriations provided an additional $4,493,000 which was not requested by the President and conflicts with the Administration's policy of financing discretionary services from user charges.

U.S. Secret Service, Salaries and Expenses. The bill provides $10 million more than the President's request including $2.5 million for continued construction at the Rowley Training Center which was not requested by Treasury. This increased funding is not needed to maintain Secret Service operations in light of the reduced activity level following completion of the 1988 Presidential campaign.

Executive Office of the President, Expenses of Management Improvement. The bill does not include $5.9 million to support a comprehensive planning, budgeting, and financial management system. The proposed improvements are badly needed. The new system will aid key decisionmakers in both the Congress and the Executive Branch as well as assist in exchanging information between Congress, OMB and the agencies for years to come. The Congressional Budget Office and General Accounting Office have endorsed this modernization effort.

U.S Customs Service. The House Committee on Appropriations provides $37,918,000 and 500 FTE more than the President's request for wage and price inflation and

for an additional 500 FTE for commercial services. Automation of Customs' operations has enhanced productivity and supplanted the need for additional FTE to meet workload growth.

National Defense Stockpile Transaction Fund. The House Committee on Appropriations recommended an appropriation of $18 million in grants for the University of Hawaii and the University of Texas at El Paso. These monies are for non-competitive research grants that were not requested by the President and do not directly benefit the purposes of national defense stockpile. These funds are not essential and would be more appropriately provided by private financing.

National Archives and Records Administration. The Administration opposes the provision of $4 million for grants for historic publications and records and $4.1 million for additional construction of the Kennedy Library. Neither of these funding levels were included in the President's budget and would be more appropriately provided by the private sector.

II. LANGUAGE PROVISIONS

Office of Management and Budget. The bill provides that no funds may be used by OMB to prevent or delay the obligation or expenditure of funds identified in either an appropriations bill or in accompanying reports, with the sole exception of rescission proposals permitted by law. This provision restricts the President's ability to execute appropriations statutes and is apparently intended to make report language accompanying this and other appropriations bills -- even if written after this provision is enacted -- binding on the Executive Branch as if enacted into law. Thus, committee reports reflecting less than full legislative actions (consideration and passage by both Houses and presentment for Presidential signature) could restrict the President's execution of appropriations statutes. These concerns clearly raise fundamental constitutional issues under the "take care" and "presentment" clauses.

Further, this broad language creates ambiguities as to the President's authority to implement and enforce other laws, such as Gramm-Rudman-Hollings, which requires him to withhold and sequester funds if specified deficit targets are exceeded. This provision may inadvertently affect other substantive statutory authorities of the President.

U.S. Customs Service, Salaries and Expenses. The bill imposes a FTE floor limiting management's ability to adjust staffing to respond to workload shifts, investments in labor-saving capital equipment and other productivity improvements.

Bureau of Alcohol, Tobacco, and Firearms, Salaries and Expenses. The House Committee on Appropriations imposes a FTE floor limiting management's ability to adjust to workload shifts and to choose the efficient mix of labor and capital resources.

Bureau of Engraving and Printing. General provision 527 provides that no funds may be used to contract out or downgrade the positions of the BEP police force. We have directed BEP to study contracting out their police force. This provision limits the President's authority to conduct and review A-76 studies and to minimize the cost of BEP security functions.

Federal Retirement Thrift Investment Board. The House Committee on Appropriations did not adopt the proposed language limiting the program expenses of the Board. The obligation limitation language is important because it caps the amount of Thrift Saving Fund monies that the Board can use for administrative expenses. The cap is equal to the Board's own budget estimate for those expenses. The language is also important because it provides a mechanism for oversight of an agency in the Executive Branch.

General Services Administration, Federal Buildings Fund. The language exempts four construction projects from 31 U.S.C. 1341(a)(1)(B) -- the requirement for full-funding of contracts or obligations. By dictating a less than full-funding approach for accounting of these projects, the effect will be to hide the true costs of obligations of the Government. These four projects obligate the government to over $800 million in total construction costs, yet the bill reflects none of those costs. The Administration opposes the hiding of budget costs in this manner. A similar objection exists for the provision which authorizes the lease/purchase of a building for the Internal Revenue Service in Memphis, Tennessee and for the provision which authorizes the lease/purchase of a new building for the Centers for Disease Control in Atlanta, Georgia.

The bill further provides for a $1 million grant to renovate the Senior Citizens' Health Center, County of Los Angeles, and a $800,000 grant to establish a Senior Citizens' Health Center at California State University at

East Los Angeles. The Administration strongly opposes these grants from the Federal Building fund. The fund is not authorized to spend federal dollars on state and local facilities.

Lastly, the Administration opposes the proposed expenditures for border station improvements for those facilities cited on line 16, page 31 through line 14, page 32.

General Services Administration, General Provisions. The bill proposes to require agencies to have their long-distance telecommunications requirements, subject to P.L. 89-306, approved by the Administrator of GSA, prior to seeking alternative procurement options. This language is unnecessary as the Administrator already has adequate authority under the Brooks Act to oversee agency telecommunications procurements. If the Congress finds that additional authority is necessary, we suggest that economic efficiency criterion contained in the bill be clarified by requiring that no services be acquired under FTS2000 separately without a net decrease in costs to the government as a whole.

National Archives and Records Administration. The Administration opposes the provision authorizing the Archivist to acquire a new facility in Maryland (beginning line 6, page 43 through line 13, page 44).

General and Administrative Provisions. The Administration objects to the omission of language that would ensure that all blue-collar workers including 9(b) employees would receive the same pay raise as their white-collar counterparts. (Section 613(b) page 67) Language should read "Notwithstanding section 9(b) of P.L. 92-393 or section 704(b) of P.L. 95-434, subsection (a) of this section shall apply in such manner as the Office of Personnel Management shall prescribe to any prevailing rate employee to whom such section 9(b) applies.

Section 510, 522, and 614. This section prohibits the GSA OPM, and the Customs Service from closing or consolidating an information center, executive seminar centers, or other sites used to carry out programs of these agencies. The Administration objects to this provision since it prevents GSA, OPM, or Customs Service from exercising its managerial discretion over how best to use its training and facility resources.

Section 611. The Administration objects to this provision. To the extent the resolution referred to in this section is a joint resolution, this provision would not present a constitutional issue.

STATEMENT OF ADMINISTRATION POLICY

June 24, 1988
(Senate)

H.R. 4776 - DISTRICT OF COLUMBIA APPROPRIATIONS, 1989
(Sponsors: Stennis (D), Mississippi; Harkin (D), Iowa)

The Administration objects strongly to a number of provisions in the current bill. If the bill were presented to the President in its present form, the President's senior advisers would recommend that he veto it.

The Committee bill does not include language prohibiting the use of District funds to perform abortions as requested by the Administration. The Administration continues to oppose the use of either District funds or the Federal payment to the District to fund abortions, unless the life of the mother would be endangered if the fetus were carried to term. Applying this restriction solely to the Federal payment makes little sense because the Federal payment comprises only 19 percent of the total District budget. The use of public funding in the District of Columbia for abortions is an unacceptable violation of a basic civil right -- the right to life. The absence of such a prohibition would be viewed as a sufficient reason to veto this bill. It is unfortunate that the Full Committee did not accept the Subcommittee language that would have banned the use of District funds as well as the Federal Payment to fund abortions.

The Administration has three other significant concerns regarding the proposed bill:

-- The bill exceeds the President's request by $27.1 million in budget authority. The increase results from the proposal to compensate the District Government with a lump sum payment rather than by billing each Federal agency directly for water and sewer services provided to Federal establishments. The President's request for direct billing is consistent with the treatment afforded other State and local governments. Moreover, the Committee has arbitrarily cut the estimated FY 1989 payment by $9 million. This is not a legitimate budget savings -- it is at best a deferral because the District will request restoration of these funds. Rather than denying the District timely payment, the Senate could achieve legitimate savings by allowing the General Services Administration (GSA) to pay the District directly for these services for GSA controlled Federal buildings. Other Federal agencies could be phased into direct billing later.

-- The Administration also continues to oppose any attempt to exempt the Federal payment and Federal water and sewer payments to the District Government from the Presidential apportionment process. Last year, the Administration objected to section 132 of the FY 1988 District of Columbia Appropriations Act, as contained in Public Law 100-202. This section permanently excluded these Federal payments to the District from the apportionment process, resulting in a highly objectionable erosion of Executive Branch authority.

-- The Administration opposes sections 133 and 135 of the bill. Section 133 would transfer title of the 216 acre Glendale Hospital site in Prince Georges County, Maryland to the District of Columbia. This provision is contrary to the Federal Property and Administrative Services Act of 1949, that requires excess Federal property to be transferred to the General Services Administration for disposal. Section 135 would require a Federal guarantee for a $20 million loan by the District Government to a non-profit corporation to build an educational housing facility. Loan guarantees are a subsidy and represent a contingent liability for the Federal Government. If this project is worthwhile, it should receive direct funding without the Federal loan guarantee.

The Administration does, however, commend the Committee for keeping the FY 1989 Federal payment to the District at the level proposed by the President.

The Senate is urged to remove the objectionable provisions noted above so that the President's senior advisers could recommend that he sign the bill.

STATEMENT OF ADMINISTRATION POLICY

June 28, 1988
(Senate)

H.R. 4781 - DEFENSE APPROPRIATIONS BILL, 1989
(Sponsor: Stennis (D), Mississippi)

The Secretary of Defense and the Director of OMB will recommend a veto of this bill in its present form.

The budget authority in the Defense Appropriations Bill reported by the Senate Appropriations Committee is clearly inconsistent with the Bipartisan Budget Agreement (BBA) inasmuch as it includes $200 million for the Coast Guard and $600 million for the National Aeronautics and Space Administration. The Administration urges the Committee to fund these items at the President's request level within the domestic discretionary total of the BBA and to restore the $800 million to Defense programs.

The Administration objects to reductions in high priority programs and the addition of funds for lower priority programs required by the bill. In particular, the Administration strongly objects to the $804 million cut for Strategic Defense Initiative (SDI) research and development. The President has stated he will veto any Defense bill that would substantially impede our ability to execute the SDI program outlined to Congress, either because of funding cuts or restrictions.

The Administration is also opposed to the bill's burdensharing initiatives that would place restrictions on U.S. military forces stationed abroad. These provisions could undermine current negotiations and initiatives, being undertaken at Congressional direction, with our Allies.

Further troublesome provisions include:

-- Denial of funding or the use of prior year balances to cover foreign currency shortfalls of $1.5 billion, resulting in cuts in readiness-related operations funding;

-- Limitation on variable housing allowance funding, which will force cuts in housing allowances for military personnel;

-- Restrictions on AEGIS technology transfer, which will impede improvements in Pacific Ocean air defense; and

-- Addition of new deferral and rescission reporting requirements that are redundant with current law and may lead to confusion.

STATEMENT OF ADMINISTRATION POLICY

June 16, 1988
(House)

H.R. 4781 - DEFENSE APPROPRIATIONS BILL, 1989
(Sponsors: Whitten (D), Mississippi; Chappell (D), Florida)

The budget authority in the Committee bill appears to be inconsistent with the Bipartisan Budget Agreement (BBA) in as much as it includes $410 million for the Coast Guard. While the Administration does not object to such funding for the Coast Guard, it believes this item should be funded within the domestic discretionary levels of the BBA and the $410 million restored to Defense programs.

The Administration also objects to reductions in high priority programs and the addition of funds for lower priority programs. In particular, the Administration strongly objects to:

-- A $1,338 million cut for Strategic Defense Initiative (SDI) research and development. The President has stated he will veto any Defense bill that would substantially impede our ability to execute the SDI program outlined to the Congress, either because of funding cuts or restrictions; and

-- A $693 million cut for Peacekeeper rail garrison basing research and development.

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STATEMENT OF ADMINISTRATION POLICY

June 28, 1988
(Senate)

H.R. 4783 - LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1989
(Sponsors: Stennis (D), Mississippi; Chiles (D), Florida)

There are a number of seriously objectionable provisions proposed by the Committee, especially language to expand Medicaid coverage to include certain abortions. The Senate is urged to strike this provision, which diverges from a long-standing policy on this issue. If the bill were presented to the President in its present form, the President's senior advisors would recommend that he veto this bill, solely based on the inclusion of this language provision.

The Administration is also opposed to the provision that would establish a moratorium on reversions of pension plan assets to sponsors upon plan termination. Such a substantial change to the pension law should not be enacted in appropriations legislation. Furthermore, a moratorium is unnecessary and counterproductive. It would penalize employers who properly fund their defined benefit pension plans and would discourage them from establishing and maintaining those plans, which provide the most certain and secure retirement income for employees. Congress and the Administration explicitly rejected this type of change and affirmed current law in the Omnibus Budget Reconciliation Act of 1987.

The Committee bill provides budget authority for discretionary programs at $50 million below the President's request. The Administration supports the overall discretionary funding level, but urges the Senate to reallocate funds to support fully the President's priorities rather than the proposed increases for small categorical programs or expansion of low-priority services. A number of increases to the President's request are either inappropriate or unnecessary. The most seriously objectionable funding provisions include:

-- an increase of $386 million over the President's request for currently authorized job training programs in the Training and Employment Services (TES) account;

-- an increase of $76 million over the President's request for the National Institutes of Health, a request that already represents a 5.4 percent increase over FY 1988, excluding AIDS;

-- additional increases in discretionary Department of Education accounts above the 4 percent increase proposed in the President's Budget;

-- continuation of outmoded health professions categorical training subsidies, $177 million in excess of the President's request;

-- an unwarranted 15 percent increase for Health Resources and Services Administration (HRSA) overhead costs at a time when HRSA program responsibilities are declining; and

-- increases for narrow categorical programs that the Administration did not request.

The Administration urges the Senate to fund these and other programs at the levels requested by the President.

The Senate should also consider a number of proposed changes included in the FY 1989 Budget. The Administration urges the Senate to act on legislation to replace the current trade adjustment assistance and dislocated worker assistance programs with the Worker Readjustment Program (WRAP). Similarly, the Administration also recommends that the Senate adopt the Administration's AIDS funding consolidation to permit maximum flexibility in AIDS spending plans. The Administration also recommends that the Senate include proposed improvements to the Health Education Assistance Loan (HEAL) program to ensure the continued financial solvency of the insurance fund.

The Administration commends the Senate Committee recommendation that provides the President's request for the Low Income Home Energy Assistance Program. The Senate is urged not to increase funding for this program because of the availability of oil overcharge funds and the continual decline in the percent of income eligible households pay for heat.

The Administration urges the Senate to delete the abortion language and address the other concerns raised so the President is presented a FY 1989 Labor, Health and Human Services, and Education, and Related Agencies Appropriations Bill he can sign.

STATEMENT OF ADMINISTRATION POLICY

June 27, 1988
(Senate)

H.R. 4784, RURAL DEVELOPMENT, AGRICULTURE, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1989

(Sponsors: Stennis (D), Mississippi; Burdick (D), North Dakota)

The bill, as reported by the Appropriations Committee, is unacceptable because of the inclusion of seriously objectionable language, excessive funding for discretionary programs, and the overall treatment of loan programs. If the bill were presented to the President in its present form, the Secretary of Agriculture and the Director of the Office of Management and Budget would recommend that he veto the bill.

The most seriously objectionable language provisions include:

-- Section 640 which purports to require OMB and the agencies to comply with non-statutory statements issued by the managers of conference committees. This provision restricts the President's ability to execute the actual statutory language of appropriations legislation as concurred in by each House of Congress, presented to the President, and enacted into law. The "instructions and the specific allocations and earmarking of funds contained in the joint statement of managers" are neither voted on by Congress, nor presented to the President. Consequently, such "instructions" are not law; they are legislative history that can only serve to explain the law rather than create it.

Thus, we believe that, to the extent it purports to make non-statutory "instructions" binding on the Executive Branch, section 640 attempts to bypass the "express procedures of the Constitution's prescription for legislative action: passage by a majority of both Houses and presentment to the President." (INS v. Chadha, 462 U.S. 919, 958 (1983)). This departs from the intended constitutional design. The non-statutory "instructions" may or may not be carefully considered by a majority of the members of both Houses, and may or may not even be consistent with the law as actually signed. If Congress wishes to provide for the enactment of the managers' "instructions," it may choose to do so consistent with the Constitution by including them in the bill voted by each House and presented to the President.

-- Section 642 that would allow the Arkansas Electric Cooperative to prepay Rural Electrification Administration (REA) loans without paying the required FFB prepayment premium, and without any reforms to the underlying REA programs. During discussions leading to the Bipartisan Budget Agreement (BBA), Congressional leaders agreed that Congress would address REA loan reforms early in the second session, which Congress has not done. The Administration has already communicated to Congress in a letter dated April 19, 1988, that key senior advisers would recommend to the President that he veto any legislation that implements premium-free prepayments of REA loans without the REA loan program reforms proposed by the Administration.

-- Authorizing legislation in an appropriations bill. The Administration objects strongly to provisions for the Food and Drug Administration that have no demonstrated need and have not even been considered by the appropriate authorizing committees. Of particular concern is the provision creating a new categorical higher education grant and student loan repayment program that clearly duplicates Department of Education and Public Health Service programs.

-- Language that requires obligation in FY 1989 of $364 million of unobligated prior year REA loan authorizations without regard to nonstatutory quotas or other restrictions. This provision results in a 40 percent increase in 5 percent interest loan levels in one year. Each dollar lent at 5 percent interest costs the taxpayer 35 cents in subsidy.

-- Section 632 that permanently prohibits efforts to alter the method of computing normalized prices for agricultural commodities. This prohibition blocks the Administration's efforts to eliminate "double subsidies" -- providing subsidized water (a benefit worth hundreds of millions of dollars annually) to grow Federally-subsidized crops.

-- Continuation of unwarranted intrusion by the Committee into the management of the Office of the Secretary of Agriculture and Executive Branch agencies as demonstrated by FTE floors for four USDA bureaus and the Food and Drug Administration, and 11 separate appropriations for presidentially-appointed officials.

In addition, the Administration understands that an amendment will be offered to waive or reduce contributions from Farm Credit System institutions mandated by the Agricultural Credit Act of 1987 (Act). The Administration opposes strongly any reduction of this small contribution and views the amendment as a complete abrogation of the hard fought agreement reached with Congress last year over the bailout of the Farm Credit System. The

enactment of this provision would represent a retreat from the already minimum amount of system self-help required by the Act and further increase taxpayers' exposure to the potential costs of Financial Assistance Corporation defaults.

The Administration is also seriously concerned with overall discretionary funding levels. The bill, based on current estimates, provides funding for domestic discretionary programs that exceeds the President's request by $2.9 billion in budget authority, $1.8 billion in outlays, and $5.0 billion in loan limitations. In addition, the P.L. 480 program is funded at $1.1 billion, an increase to the President's request of $75 million in budget authority and $68 million in outlays. These funding levels could in combination with other appropriations legislation jeopardize seriously the FY 1989 BBA spending levels for domestic and international programs.

Lastly, the bill is unacceptable because of the overall treatment of loan programs and the total disregard for the Administration's loan program proposals. Specifically, the bill:

-- Disregards the Administration's proposals to make long overdue reforms to the costly Rural Electrification Administration (REA) loan programs; proposals that would result in outlay savings of $4.3 billion from FY 1989 through FY 1993, while having an insignificant impact on the average REA borrowers' electricity rates.

-- Continues the costly and inefficient traditional rural housing direct loan program rather than adopting the Administration's proposal to expand the more cost-effective rural voucher program and terminate the direct loan program.

-- Includes restrictions on USDA's ability to manage its loan program by prohibiting the sale of ACIF loans, denying the use of private debt collections services for delinquent Farmers Home Administration loans, and limiting the volume of loan sales from the Rural Development Insurance Fund loan portfolio.

The Administration urges the Senate to address satisfactorily the issues discussed above and in the attachment to ensure that the President is presented a FY 1989 Rural Development, Agriculture, and Related Agencies Appropriations Bill he can sign.

Attachment

RURAL DEVELOPMENT/AGRICULTURE APPROPRIATIONS BILL, 1989
OBJECTIONABLE PROVISIONS

I. FUNDING LEVELS

Rural Electrification Administration (REA):

Premium-Free Prepayments. The Administration has communicated its strong opposition to additional premium-free prepayments of REA loans in an April 19, 1988 letter sent to specific members of Congress. The letter stated that senior advisers of the President would recommend veto of any bill that contains premium-free prepayments without necessary reforms to the REA programs. Financially troubled borrowers have already been permitted to prepay and any additional prepayments would go to financially healthy borrowers. Section 642 would allow the Arkansas Electric Cooperative (Coop) to prepay REA loans without paying the required FFB mortgage contract prepayment premium. The Coop would not use a REA guarantee to prepay these loans. Since none of the Administration's REA reforms are included, the inclusion of this provision will result in a veto recommendation of the bill as communicated in the April 19 letter.

In addition, the bill includes a provision, section 634, that requires within 30 days after enactment of the bill, that $500 million of premium-free REA prepayments authorized in FY 1988 be made available with $150 million allocated to telephone borrowers and $350 million allocated to electric borrowers. The allocation of $150 million for telephone borrowers is very objectionable since these borrowers are highly profitable including some who are subsidiaries of very large telephone holding companies. Finally, by law, offsetting collections from any such prepayments cannot be counted towards reducing the deficit under Gramm-Rudman-Hollings.

REA Unobligated Loan Authorizations. The bill requires that unobligated prior year loan authorizations of approximately $364 million be obligated in FY 1989 without regard to nonstatutory quotas or Executive Branch restrictions. This provision will result in a 40 percent increase in 5 percent loans and cost taxpayers $400 million in subsidies for REA borrowers who are financially strong and profitable. In addition, this provision is fundamentally counter to the Administration proposal to phase out 5 percent interest direct loans in FY 1988 and substitute financial assistance in the form of 70 percent REA guarantees of privately originated loans beginning in FY 1989.

REA Loan Program Reform Proposals. The Administration objects strongly to the continuation of the highly subsidized REA direct lending program at the FY 1988 enacted levels and the total disregard for the Administration's initiatives that would make available a new and less costly program of REA partial guarantees (70 percent for distribution and telephone, and 80 percent for power supply). The Administration's proposal would save $4.3 billion over FY 1989-93, and only increase electric distribution customers' bills by 74 cents per month on average 5 years after the enactment of these proposals. The goals of the REA have been accomplished and nearly all REA borrowers would be able to borrow privately at affordable rates under the Administration's proposed program. Moreover, the wasteful and costly $334 million appropriation to reimburse the REA Revolving fund for "interest subsidies and losses sustained...", would be unnecessary if the Administration's proposed reforms are enacted -- an appropriation that provides an additional subsidy to the $50 billion in subsidies already provided electric and telephone borrowers since 1973.

Rural Telephone Bank (RTB) Capital Stock. The President's FY 1989 Budget calls for privatization of the RTB by 1995 and no further purchase of Class A stock. Disregarding the President's request, the Committee appropriates $28 million for the purchase of Class A stock. Telephone borrowers as a group are financially strong. Some are subsidiaries of major multi-billion and multi-million dollar highly profitable telecommunications holding companies (e.g., CONTEL Corporation and ALLTEL Corporation). The RTB pays only a 2 percent annual dividend to Treasury on Class A stock which totals $506 million. Since 1973, the cost of this subsidy exceeds $200 million.

Special Treatment for RTB Borrowers. Section 635 would allow RTB borrowers to rescind existing loans that have not been advanced fully and permit these borrowers to re-apply for a new lower-interest RTB loans. This provision is highly objectionable since it violates the loan contract between RTB and its borrowers by permitting a borrower to cancel an approved but not fully advanced loan, and re-apply for a new loan to get a lower-interest rate. This will substantially increase the cost and complexity of administering the program.

Rural Housing. The Committee continues the costly and inefficient traditional rural housing direct loan program at $1.7 billion rather than adopting the Administration's proposal to expand the more cost-effective rural voucher program and terminate the direct loan program. The direct

loan programs offered by the Rural Housing Insurance Fund are not as effective as vouchers in helping low-income families move to standard housing units.

The Farm Credit Assistance Board. The Committee includes language that would restrict the administrative expenses of the Farm Credit Assistance Board and subject its personnel actions to Title 5 of the U.S. Code. Farm Credit legislation created the Farm Assistance Board, a temporary institution established to support the farm credit system. A specific decision was made to provide the board with the greatest possible flexibility in the pursuit of this mission. The proposed language would restrict the board and impair its operation.

Rural Development Insurance. The Administration, as part of its Rural Development Initiative, proposes to continue its program of grants, and direct and guaranteed loans through the Farmers Home Administration. Instead of supporting the Administration's proposed loan levels, the bill increases the President's request by $118 million. Moreover, by rejecting the Administration's proposals, the Committee provides disincentives for creditworthy borrowers to seek credit through private markets.

Sunflower Oil Program. Section 636 makes available up to $20 million but not less than $10 million of section 32 funds to purchase sunflower oil. This expands an one-year FY 1988 program and represents a back door method of implementing a Federal farm program for the sunflower industry without appropriate review.

Soil Conservation Service (SCS) and Agricultural Stabilization and Conservation Service (ASCS). The Committee ignores the Administration's proposals to terminate funding for SCS and ASCS programs that should not be financed by the Federal Government or could be better achieved through the conservation activities mandated by the Food Security Act of 1985. In addition, the Committee disregards the Administration's proposal to fund all SCS water resources activities in a single appropriations account -- the Water Resource Management and Improvement account. In total, the bill provides $239 million more than requested by the President for all SCS and ASCS programs; funding provided at the expense of higher-priority programs and good fiscal policy.

FmHA Housing Grants Programs. The bill provides appropriations at approximately the FY 1988 level for all FmHA housing grant programs proposed for termination by the President. These funds, $50 million, should be used for higher priority programs.

Agricultural Credit Insurance Fund (ACIF). The Committee funds the ACIF non-disaster direct loan program at $972 million, an increase of $472 million to the President's request and includes $588 million for disaster loans instead of the anticipated demand levels, or $100 million in FY 1989. These increases should be used for higher priority programs that truly require direct Federal spending.

CCC. The Administration commends the Committee for supporting the President's request for a current, indefinite appropriation and not including the funding ceiling proposed in the House-passed bill.

Temporary Emergency Food Assistance Program (TEFAP). The Federal Government provides surplus commodities for the needy and pays the cost of processing and transporting these commodities to the States. However, the bill includes an unrequested appropriation of $50 million in grants to States for the State and local distribution of surplus commodities. Funding for State and local distribution should be provided by the States.

Public Law 480. The increase of $75 million in budget authority and $68 million in outlays above the President's request could in combination with funding provided in other appropriations legislation jeopardize the Bipartisan Budget Agreement spending levels for international programs. In addition, the Adminstration objects to the provision that limits the Administration's flexibility in meeting unforseen program needs by allowing for only a 10 percent transfer among P.L. 480 titles as compared with 15 percent allowed in the authorization.

Rural Economic Development Subaccount. A new appropriation of $540 thousand, and funds in the "cushion of credit" REA subaccount, are included to subsidize rural economic development and job creation projects through already highly subsidized REA borrowers. The Administration proposes repeal of the program and opposes any funding. Prepayments should be used to pay debt owed to Treasury. Moreover, this program is anti-competitive because it gives REA borrowers, who are mostly Federal tax-exempt and otherwise heavily subsidized, an unfair advantage in economic development projects over businesses that are not as advantaged through Congressional largesse. In addition, language is included that requires that no less than 2 percent of the total full-time REA employees (11 FTE) be employed as "economic and community development professionals," to provide technical assistance to REA borrowers for economic development

activities. The REA staff are needed to deal with other pressing problems in the REA programs such as regulation management and completing debt workout agreements on $7.0 billion in loan defaults and arrearages.

Food and Drug Administration. The Administration supports funding for AIDS activities but urges that the Senate appropriate all such funding in the central account proposed in the Department of Health and Human Service's Office of the Secretary of Health.

Office of the Secretary. The Administration objects to the inclusion of 11 separate appropriations for the Office of the Secretary. The Secretary of Agriculture should have the administrative discretion to determine resource levels for his own staff offices within a single appropriation account.

II. LANGUAGE PROVISIONS

Agricultural Commodities Normalized Pricing. The Administration objects strongly to Section 632, which prohibits efforts to alter the method of computing normalized prices for agricultural commodities in effect on January 1, 1986. This provision requires the Federal water resource agencies (the Departments of the Interior, Army, Agriculture, and the Tennessee Valley Authority) to continue to justify new agricultural development water projects on the basis of agricultural commodity prices that over-state project benefits by including the effects of USDA price support and income maintenance programs for surplus crops. This provision, previously enacted in the FY 1988 Continuing Resolution (P.L. 100-202), but modified by the Committee to be a permanent change in law, would curtail the Administration's efforts to reform the way Federal agencies justify agricultural development water projects. The Administration's new normalized prices would remove the effects of the USDA programs for surplus crops. This is one step the Administration would take to eliminate the "double subsidy" -- providing Federally subsidized water (a benefit worth hundreds of millions of dollars annually) to grow Federally subsidized crops.

Food and Drug Administration (FDA). The Administration objects strongly to the inappropriate inclusion of authorizing legislation in the FDA appropriations. The appropriate authorizing committees have not even held hearings on these provisions and there is currently no evidence that any of these provisions are necessary. Specifically, the Administration objects to:

-- the creation of a new categorical higher education grant and student loan repayment program in FDA that clearly duplicates the multi-billion dollar Department of Education and the Public Health Service student assistance programs. There is no evidence that FDA is experiencing difficulty in this area, that special training authority is required, or any benefits will result from this program.

-- language authorizing FDA to directly appoint members of technical and scientific advisory groups without regard to the Federal Advisory Committee Act. There is no evidence suggesting that FDA is having difficulty staffing or maintaining the requisite advisory groups under current authority.

-- the inclusion of language providing definite authority for biotechnology demonstration programs and language authorizing funding levels for FDA small business assistance programs. No benefits are envisioned with the creation of this new authority that further restricts FDA's management flexibility. Also, FDA currently has indefinite authority for small business assistance and maintains an effective small business assistance program. This language would serve only to restrict FDA's management flexibility in response to program requirements.

Child Care Program. Section 638 amends the Adult Day Care portion of the Child Care food program to exclude income of non-spousal, non-dependent household members when determining income eligibility. Thus, an elderly person living with, and supported by, affluent offspring could get free meals if his/her personal income were low. In the Food Stamp program, elderly participants qualify as a separate household only if they prepare their meals separately. Adult day care participants would have no such requirement under this provision. Setting different standards for adults and children in the Child Care program could result in disparate benefits to members of the same household. Adult day care program costs would increase by about 20 percent if such a provision were enacted.

Restrictions on Loan Program Management. Sections 631 and 633 restrict the USDA's ability to manage its loan program by prohibiting the sale of ACIF loans and denying the use of private debt collections services to collect delinquent Farmers Home Administration loans. Such restrictions can be counter-productive because they increase costs to the taxpayer and reduce program efficiency and effectiveness. The Administration also opposes prohibitions in legislation precluding the sale of loans without recourse from the RHIF loan portfolio. The

President's FY 1989 Budget propose non-recourse RHIF sales to net $870 million in FY 1989 receipts. Failure to prevent such prohibitions would preclude the sale and increase the deficit by the same amount. Finally, the Administration opposes language limiting RDIF loan sales to $584 million. This provision would preclude the Administration from using RDIF loan sales to help meet the FY 1989 $3.5 billion loan asset sale target required by the BBA.

Micro-Management and Intrusions in Executive Branch Matters. The Administration objects to language prohibiting the consolidation of SCS national technical centers, a provision that caps the amount of funding for SCS technicians, and section 617 which disallows the phasing out of the Resource Conservation and Development Program. These provisions are inappropriate intrusions in Executive Branch matters.

Credit to Poland. The Administration urges the Senate to strike section 620. This provision restricts the President's ability to conduct foreign policy by modifying the terms of existing U.S. commitments to U.S. banks under credit guaranteed to the Polish People's Republic.

GSA Rental Payments. Section 621 limits rental payments to the General Services Administration (GSA) to the amounts specified in the bill. This is inconsistent with the Administration's attempts to charge market rates to encourage the efficient utilization of space and with the Federal Property and Administrative Services Act of 1949. This provision would result in an estimated increase of $8 million in outlays. Consistent with the scoring of a similar provision in the Transportation Appropriations Bill, OMB has determined that this increase will be charged to the Rural Development/Agriculture Appropriations Bill.

Section 616. This provision limits the Government's cost share portion to 10 percent of the total cost of negotiated cooperative agreements. This could prohibit Government participation on existing cooperative agreements and eliminate cooperative agreements as a management option for satisfying conservation compliance requirements of the 1985 Food Security Act.

Section 622. This provision directs the Secretary of Agriculture to initiate construction on not less than twenty new projects under the Watershed Protection and Flood Prevention Act and not less than five new projects under the Flood Control Act. These types of decisions should be reserved for the Federal managers responsible for executing these programs.

Section 626. The bill mandates minimum staffing levels for four USDA bureaus -- Farmers Home Administration, Agricultural Stabilization and Conservation Service, Rural Electrification Administration, and Soil Conservation Service -- and the Food and Drug Administration. The provision infringes on the Executive Branch's ability to implement programs efficiently, effectively - ignores productivity improvements, and can only result in the inefficient allocation of Federal resources.

Section 639. The Administration supports this provision, which requires full absorption of any FY 1989 pay raise by programs funded in this bill. All pay raises should be provided fully in the annual appropriations acts to be consistent with the Bipartisan Budget Agreement which precludes supplemental requests except in the event of "dire emergency." Moreover, in order to ensure that the absorption requirement has Government-wide application, similar language should be included in each appropriations bill to ensure that 100 percent absorption is required for all Federal programs.

Commodity Supplemental Food Program. The Administration opposes language that forbids CSFP from reimbursing CCC for commodities donated to the program. The reimbursement of CCC for commodities is a valid program expense, and failure to pay for donated CCC items understates the resources needed to maintain CSFP food packages. This restriction results in unnecessary subsidies to CSFP by CCC.

STATEMENT OF ADMINISTRATION POLICY

June 28, 1988
(House)

H.R. 4794 - TRANSPORTATION APPROPRIATIONS BILL, FY 1989
(Sponsors: Whitten (D), Mississippi; Lehman (D), Florida)

The Secretary of Transportation and the Director of the Office of Management and Budget would recommend that the President veto the bill as reported by the House Appropriations Committee if it were presented to him. The bill exceeds the President's request for domestic discretionary programs by $2.0 billion in budget authority, $1.5 billion in obligation limitations, and $1.0 billion in total outlays.

The Administration opposes the self-executing rule to add the airline merger labor provisions to the Committee bill. This parliamentary maneuver abuses the appropriations process to force through legislation that could not succeed as an amendment to the bill under normal procedures. If the airline merger labor legislation becomes part of the bill, the President's senior advisers would recommend that he veto the bill. This is consistent with the Administration's previously expressed position on airline merger labor legislation.

The self-executing rule automatically inserts into the bill provisions that bring labor protectionism to the airline industry in airline mergers. The Administration opposes industry-specific labor protectionism, especially in fully mature, competitive industries such as air transportation. Existing statutory and administrative arrangements suffice to ensure appropriate protection for employee interests.

The Administration urges funding the Coast Guard in the Transportation bill at the President's request level and opposes the inclusion of $410 million in budget authority for the Coast Guard in the House-passed FY 1989 Defense Appropriations bill. Including these funds under the Bipartisan Budget Agreement (BBA) defense ceiling would appear to be inconsistent with the Agreement.

In addition, the Administration particularly objects to the following funding provisions:

-- an increase of $1.7 billion over the President's request for the Urban Mass Transportation Administration, excluding Washington Metro. This appropriation level would finance underutilized and costly local transit systems and would subsidize the projects of less than 20 cities with nationally collected motor fuel taxes. In addition, Washington Metro funding of $180 million exceeds the President's request by $52 million. The President's request will complete construction of 89.5 miles, consistent with the Federal commitment made in the 1986 full funding agreement.

-- an increase of $1.4 billion above the deficit-neutral obligation level proposed by the President for highway programs, including $0.3 billion for programs exempt from the obligation limitation and $0.1 billion for 30 special interest highway projects.

-- inclusion of $0.6 billion in budget authority for Amtrak, the Northeast Corridor Improvement Program, and Conrail Commuter Assistance. Amtrak accounts for less than one-half percent of intercity passenger travel, and its passengers continue to receive a subsidy averaging $30 per trip.

-- revisions to the President's budget for FAA, in particular the increase of $330 million for the Grants-in-aid for airports obligation limitation. This increase is not necessary for the Federal Aviation Administration to meet national capacity and safety needs. The Administration is also concerned about the Committee financing only $1.1 billion in FAA Operations from the Airport and Airway Trust Fund, versus $1.5 billion if the Administration's proposals were adopted.

-- inclusion of $29 million for the Payments to Air Carriers program, a program that is no longer necessary since airlines have adapted to a deregulated environment.

The Administration also objects to language provisions that infringe on Executive Branch management flexibility. Such provisions include: 1) a prohibition on FAA funds for a pilot project to contract out maintenance, 2) prohibitions on the privatization of the Transportation Systems Center and the Turner-Fairbank Highway Research Center, 3) the appropriation of funds for the Office of the Secretary of Transportation by separate office with no provision for transfer between offices, 4) limitations on the number of political and presidential appointees in the Department of Transportation, and 5) a limitation on Panama Canal Commission non-administrative and capital obligations.

These and other objectionable provisions of the bill are discussed in more detail in the enclosure.

In addition, the Administration opposes any amendment that would have the effect of mandating a change in the Coast Guard's non-emergency search and rescue assistance policy. Legislation is neither needed nor appropriate as the Coast Guard has recently revised the existing policy resulting in a balanced program with step-by-step implementation procedures.

The Administration opposes any amendments that would result in reopening and maintaining Coast Guard facilities that have been closed or in preventing the closure of any other such facilities. The Coast Guard closed the facilities only after extensively analyzing the workload, productivity, impact on safety and mission, and cost advances in future years. The Administration objects to Congressional infringement on Executive Branch management flexibility in these matters.

Enclosure

TRANSPORTATION APPROPRIATIONS BILL, FY 1989
OBJECTIONABLE PROVISIONS

I. FUNDING LEVELS

Provisions in Defense and Military Construction Bills Providing Funds for the Coast Guard. The Administration is opposed to the House Appropriations Committee including $410 million in budget authority for the Coast Guard in the FY 1989 Defense Appropriations Bill. Including these funds under the Bipartisan Budget Agreement (BBA) defense ceiling would appear to be inconsistent with the Agreement. The Administration strongly urges funding the Coast Guard in the Transportation bill at the President's request level.

Urban Mass Transportation Administration (UMTA). UMTA funding (excluding Washington Metro) of $3.1 billion exceeds the President's deficit-neutral proposal of $1.4 billion by $1.7 billion. Funding at the House Appropriations Committee level would finance costly and underutilized local transit systems and would subsidize the projects of less than 20 cities with nationally collected motor fuel taxes. Washington Metro funding of $0.2 billion also exceeds the Administration's request by $52 million. The President's request will complete construction of 89.5 miles, consistent with the Federal commitment made in the 1986 full funding agreement.

Federal Highway Administration. The House Committee funds highway programs at $1.4 billion above the deficit-neutral obligation level proposed by the President. The Administration urges deletion of this increase to ensure that spending for highway programs does not exceed annual highway user fee receipts. The Committee's mark exceeds the President's Budget by $1.0 billion for programs included under the obligation ceiling, by $0.3 billion for programs exempt from the ceiling, and by $0.1 billion for 30 low priority, special interest projects. The earmarking of these projects is unnecessary because States could fund most of these projects with their Federal-aid highways allocation. The Federal cost to complete these unnecessary projects is estimated to be $2.4 billion.

Federal Railroad Administration. Amtrak, the Northeast Corridor Improvement Program, and Conrail Commuter Assistance are funded at $610 million. The President proposed no funding for these programs. Amtrak accounts for less than one-half percent of intercity passenger travel, and its passengers continue to receive a subsidy

averaging $30 per trip. Appropriations for Conrail Commuter Assistance are unnecessary since alternate sources of funds are available for the same purpose.

Federal Aviation Administration. The obligation limitation for Grants-in-aid for airports is $330 million above the President's request. The additional funds are not needed in order for the FAA to meet capacity and safety needs of national priority.

Regarding FAA operations, the House Committee mark provides that only $1.1 billion will be financed from the Airport and Airway Trust Fund, versus $1.5 billion if the Administration's proposals were adopted. The Administration strongly believes that aviation users should pay not only for capital improvements but also a substantial portion of FAA operating costs.

Office of the Secretary. Proposed budget authority of $29 million for Payments to Air Carriers would subsidize air carriers participating in the Essential Air Service program, which was proposed for termination by the Administration. Originally set up as a ten year program in 1978 after airline deregulation, the program is no longer needed.

In addition, the House Committee eliminates funds for Regional Representatives, who support the Secretary's management initiatives. The Administration urges funding at the requested level of $0.8 million.

National Highway Traffic Safety Administration (NHTSA). The Committee includes $8 million for two unnecessary and inappropriate so-called highway safety projects: $3 million is included for a trauma research project that was supposed to end last year, and $5 million is proposed (in report language) as an earmark for the treatment of trauma injuries at a Philadelphia hospital. Both of these projects have little to do with the mission of NHTSA and should not be included in NHTSA's appropriation.

II. LANGUAGE PROVISIONS

Urban Mass Transportation Administration. Through report language, the House Appropriations Committee proposes earmarking new start projects and other discretionary grants. Earmarking projects without regard to their merits will lead to Federal investment in inefficient systems with higher costs and lower revenues and ridership than predicted. Reports, including one from the Congressional Budget Office, have consistently shown that Federal investments in new transit facilities are highly questionable. These proposed earmarks conflict with

UMTA's statutory role, to which Congress agreed in the Surface Transportation and Uniform Relocation Assistance Act, of identifying the most cost-effective projects.

The Administration also objects to bill language that would allow UMTA-funded transit operators to provide charter service by exempting them from the charter bus requirements of the Urban Mass Transportation Act of 1964, as amended. Adoption of this provision would prejudice the charter bus rulemaking process now underway and would contradict several provisions of the Act.

Federal Aviation Administration. The Administration objects to the provisions that infringe on FAA executive management by prohibiting funds for a pilot project to contract out maintenance functions. This is an unwarranted interference with the Executive Branch's management responsibilities. The project is an essential factor in determining whether maintenance of selected National Airspace System facilities can be effectively contracted out.

The Administration also opposes bill language that prohibits airport grants to the Massachusetts Port Authority (Massport) until the U.S. District Court and DOT have determined that the landing fee structure adopted by Massport for the Logan International Airport does not violate the Federal Aviation Act of 1958. Although the Secretary of Transportation requested that Massport delay fee implementation until the DOT review is completed, this statutory cut off of funds is an unwarranted intrusion into the local decision-making process. Further, the report language on this provision is particularly egregious in that it prejudges the outcome of both the pending litigation and the DOT investigation.

Privatization. The Committee continues the prohibition on privatizing the Transportation Systems Center and the Turner-Fairbank Highway Research Center. This provision is contrary to good management practices. The Department should have the flexibility to pursue privatization initiatives that will increase efficiency and lower costs.

Manassas, Virginia Interchange. The House Appropriations Committee includes a provision prohibiting funds for an interchange in Manassas, Virginia. This provision is objectionable because it represents unwarranted Federal interference in the decisions of state and local officials.

Office of the Secretary. For the Office of the Secretary of Transportation, funds are appropriated by separate office with no provision for transfer between offices. This severely limits the management flexibility of the

Secretary, particularly in this environment of stringent budget constraints and in light of the anticipated need to accommodate unbudgeted pay increases.

Limitations on the Number of Political and Presidential Appointees. The bill proposes to limit the number of political and Presidential appointees in DOT to 120. This provision represents undue interference with Executive Branch discretion on departmental personnel policies and limits the Department's ability to effectively implement key programs.

GSA Rental Payments. A general provision limits Rent payments to the General Services Administration (GSA) to 102 percent of the rates paid during FY 1988. This is inconsistent with the Administration's attempt to charge market rates to encourage the efficient utilization of space and with the Federal Property and Administrative Services Act of 1949. The provision would result in an increase of $19 million in outlays. After informal consultation with the Congressional Budget Office, OMB has determined that this increase will be charged to the Transportation Appropriations Bill.

In addition, the Administration is concerned about an amendment added in the House Appropriations Committee stating that the obligations and outlays of "General Services Administration, Federal Building Fund" are to be reduced by an amount equal to the revenue reduction associated with the 102 percent cap. The proposed language is not specific as to how such reductions would be implemented and is not, therefore, reflected in the scoring of the Treasury, Postal Service, and Governmental Operations Appropriations Bill.

Panama Canal Commission Limitation. While the funding levels in the Committee bill for the Panama Canal Commission (PCC) are consistent with the President's request, the Administration objects, in principle, to the bill language placing a limitation on non-administrative and capital obligations -- a limitation not requested in the President's Budget. This limitation will constrain the PCC's flexibility in meeting changing business conditions, and thereby conflict with the purpose of converting the PCC to a revolving fund. In particular, it could result in a profit payment to the Republic of Panama by limiting the PCC's ability to offset unanticipated revenue surges with commensurate increases in expenses.

STATEMENT OF ADMINISTRATION POLICY

June 17, 1988
(House Rules)

H.R. 4794 - TRANSPORTATION APPROPRIATIONS BILL, FY 1989
(Sponsors: Whitten (D), Mississippi; Lehman (D), Florida)

The Secretary of Transportation and the Director of the Office of Management and Budget would recommend that the President veto the bill as reported by the House Appropriations Committee if it were presented to him. The bill exceeds the President's request for domestic discretionary programs by $2.0 billion in budget authority, $1.5 billion in obligation limitations, and $1.0 billion in total outlays.

The Administration is also opposed to the inclusion of $410 million in budget authority for the Coast Guard in the FY 1989 Defense Appropriations Bill. Including these funds under the Bipartisan Budget Agreement (BBA) defense ceiling would appear to be inconsistent with the Agreement. The Administration strongly urges funding the Coast Guard in the Transportation bill at the President's request level.

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Enclosure

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OBJECTIONABLE PROVISIONS

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In addition, the Administration is concerned about an amendment added in the House Appropriations Committee stating that the obligations and outlays of "General Services Administration, Federal Building Fund" are to be reduced by an amount equal to the revenue reduction associated with the 102 percent cap. The proposed language is not specific as to how such reductions would be implemented and is not, therefore, reflected in the scoring of the Treasury, Postal Service, and Governmental Operations Appropriations Bill.

Panama Canal Commission Limitation. While the funding levels in the Committee bill for the Panama Canal Commission (PCC) are consistent with the President's request, the Administration objects, in principle, to the bill language placing a limitation on non-administrative and capital obligations -- a limitation not requested in the President's Budget. This limitation will constrain the PCC's flexibility in meeting changing business conditions, and thereby conflict with the purpose of converting the PCC to a revolving fund. In particular, it could result in a profit payment to the Republic of Panama by limiting the PCC's ability to offset unanticipated revenue surges with commensurate increases in expenses.

STATEMENT OF ADMINISTRATION POLICY

June 21, 1988
(House)

H.R. 4800 - HUD/INDEPENDENT AGENCIES APPROPRIATIONS BILL; 1989
(Sponsors: Whitten (D), Mississippi;
Boland (D), Massachusetts)

The HUD-Independent Agencies Appropriations Bill approved by the full Appropriations Committee provides funding which is excessive overall, which contains too much funding for low priorities and not enough for high priorities, and which contains objectionable language provisions. If the bill were presented to the President in its current form, the Director of the Office of Management and Budget would recommend that he veto it.

The budget authority provided by the Committee for discretionary programs is $1.1 billion in excess of the President's request. Some of the increases would provide for the expansion of low-priority services at the expense of reductions to higher national priority programs.

The following increases in budget authority relative to the President's request are either inappropriate or unnecessary:

-- $787 million for subsidized housing. The Committee's proposed subsidized housing program mix would serve 24 percent fewer low-income families in 1989 -- 82,176 versus 108,000 in the President's Budget. In addition, the Administration strongly objects to the diversion of scarce low-income rental housing resources to the new moderate-income "Nehemiah" home ownership program.

-- $450 million for EPA sewage treatment construction grants. This excessive funding is not necessary to meet municipal compliance requirements and would fund many lower priority projects.

-- $150 million for Community Development Block Grants (CDBG). The Administration proposed $2.5 billion in BA, augmented with a transfer of $200 million from the Section 312 rehabilitation loan fund account. While the Committee is to be commended for not funding the "pork barrel" Urban Development Action Grants (UDAG) program, the total CDBG funding level of $3 billion (including $150 million transfer from the Flexible Subsidy Fund) exceeds the amount the Administration feels is sufficient for 1989.

-- $250 million for the Veterans Administration (VA) primarily to increase staffing by 3,513 FTE beyond that which is warranted. The Administration believes that with its expected increase in productivity, the VA can continue to provide timely and effective delivery of benefits and quality medical care to all veterans expected to apply for care without these increases.

On the other hand, the Committee reduces funds for priority programs significantly below the Administration's request:

-- The general reduction of $205 million from the Shuttle funds could seriously affect NASA's ability to achieve an adequate Shuttle flight-rate build-up, further delaying national security missions and increasing costs to other programs.

-- The reduction of $110 million (over one-half of the funds requested) for NASA's procurement of expendable launch vehicle services will reduce needed access to space for important scientific missions already delayed by at least three years, thus exacerbating the effect of the reduction in Shuttle funding.

-- The Committee reduces the President's FY 1989 increase for all of the National Science Foundation's proposed research programs by almost 60 percent. Such action will hinder efforts to strengthen the nation's scientific and technological base.

-- The Committee's $175 million reduction to the Hazardous Substance Superfund account may prevent EPA from meeting statutory deadlines and unnecessarily delay the clean up of 10-15 sites ready for clean up.

The enclosed material more fully describes these and other funding and language provisions that are objectionable.

The Administration urges the House to redirect the excessive increases in low-priority programs to more important national priorities, thereby providing a FY 1989 HUD-Independent Agencies Appropriations Bill that I could recommend the President sign. In particular, we would oppose any amendment to transfer funds away from NASA.

Enclosure

FY 1989 HUD/INDEPENDENT AGENCIES APPROPRIATIONS BILL
OBJECTIONABLE PROVISIONS

I. FUNDING LEVELS

Department of Housing and Urban Development (HUD)

Subsidized Housing. The BA level for subsidized housing is $787 million higher than requested in the President's Budget. At the same time, the House's subsidized housing program mix would serve 24 percent fewer low-income families in 1989 -- 82,176 versus 108,000 in the President's Budget. The most objectionable components within the subsidized housing program funded by the House include: (1) $35 million for Nehemiah, a new moderate-income housing subsidy program; (2) 2,000 subsidies funded under the new handicapped program rather than under Section 202/8; (3) 5,000 Section 8 Moderate Rehabilitation units; (4) $343.3 million for the construction of 5,000 new public housing units; and (5) $1.6 billion for public housing modernization, $600 million higher than in the President's 1989 request.

Community Development Action Grants (CDBG). The House Appropriations Committee proposes $2.6 billion in new BA for CDBG. Additionally, the Committee proposes augmenting CDBG with a transfer of $200 million from the Section 312 rehabilitation loan fund account in addition to a proposed transfer of $150 million from the Flexible Subsidy Fund. The proposed total FY 1989 funding level for CDBG (new BA and transfer authority) would be $3 billion.

While we commend the Committee for endorsing the President's Budget request in not funding UDAG, the $2.5 billion in BA proposed in the President's Budget (together with a $200 million transfer from the Section 312 account) is sufficient funding for this program in 1989. The Committee also continues the unneeded Section 108 loan guarantee program.

A more effective use of the transferred Flexible Subsidy resources is to augment the already limited NASA programs.

Payments for Low-Income Housing Projects. The House Appropriations Committee has provided $1.62 billion for public housing operating subsidies. This BA level exceeds the President's request of $1.52 billion which fully funds the operating needs of public housing projects, as projected by the Performance Funding System formula.

Management and Administration, Salaries and Expenses. The Committee bill increases HUD staffing by 643 staff-years, an amount well in excess of the President's request and of that justified by estimated program activity. In addition, the Committee funds the higher staffing level through budget gimmickry to avoid the discretionary funding ceiling. This entire staffing increase is paid for with FHA Fund resources (which are not subject to the discretionary cap), even though only a fraction (38 percent) is to be used for FHA-related activities. A scorekeeping adjustment of $13.7 million will be added to the Committee's discretionary total.

Environmental Protection Agency (EPA)

Construction Grants. The Administration strongly opposes the increase of $450 million for sewage treatment construction grants. Excessive funding for this program was one of the primary reasons for the President's veto of the 1987 Water Quality Act. Funding above the President's Budget is not necessary to meet municipal compliance requirements and would fund many lower priority projects. The Administration also objects to the unjustified funding of projects in Iowa, Massachusetts, and New York under special rules not available to other projects and outside the normal state allocation process.

Asbestos Program. The $65 million added by the Committee for the Asbestos School Loan and Grant Program is not necessary. It was not contained in the President's Budget because prior year appropriations have reduced the asbestos problem greatly. This additional funding would go to State and local agencies that are capable financially of addressing the problem themselves, or to low-priority projects that do not represent an environmental threat. Approximately $153 million in Federal funds have been provided to complete 1,767 projects in local educational agencies showing the greatest financial and environmental needs. The financial responsibility for asbestos abatement now rests with States and localities. Thirty-two states have enacted more than 60 asbestos-related laws and nearly half of the States have financing provisions in these laws.

Hazardous Substance Superfund. The Administration opposes the $175 million reduction to the President's Budget for the Hazardous Substance Superfund. This reduction may prevent EPA from meeting statutory deadlines and unnecessarily delay the cleanup of 10-15 sites ready for cleanup.

Operating Program: Abatement, Control and Compliance; Salaries and Expenses; Research and Development. The Committee bill would add $45 million (excluding asbestos loans and grants) and 70 FTEs to the President's Budget spread across EPA's operating program. These increases would either fund low-priority activities or special interest projects, or would increase current resources beyond levels consistent with Administration policy. The Administration urges the Senate to reduce this funding to the requested level.

National Aeronautics and Space Administration (NASA)

Space Flight, Control and Data Communications (SFCDC); Research and Program Management (R&PM). The general reduction of $205 million from the Shuttle funds could seriously affect NASA's ability to achieve an adequate shuttle flight-rate buildup. Delays in Shuttle flight-rate buildup could result in further delays in important national security missions and in increased costs to other programs. The reduction of $110 million, (over half of the funds requested) for the procurement of expendable launch vehicle services will reduce needed access to space for important scientific missions, already delayed by at least three years, thus exacerbating the effect of the reduction in Shuttle funding. The reduction in research and program management ($60 million) will likely require some adverse personnel actions and will seriously affect operational support activities related to the buildup of Space Shuttle flight activity. We urge the Senate to restore funding for these important activities.

Research and Development (R&D). In light of the recent action by the House Committee on Science, Space and Technology regarding the Commercially-Developed Space Facility, the rescission of $25 million of FY 1988 funds (originally intended for the Industrial Space Facility) is premature. We urge the Senate not to rescind these funds.

National Science Foundation (NSF)

The Committee has reduced the President's fiscal year 1989 increase for all of NSF's proposed research programs by almost 60 percent. Such an action would forestall the proposed doubling of the Foundation's budget and hinder efforts to strengthen the nation's scientific and technological base. Since FY 1985, the Foundation has had essentially a level research budget. This has forced the deferral of important research initiatives -- including increasing the number of research awards; improving undergraduate science and engineering programs; and establishing new Science and Technology Centers -- all ingredients essential for improvements in the nation's economic competitiveness.

Veterans Administration (VA)

In total, the Committee recommendation would add $250 million and 3,513 FTE to the President's 1989 request for the Veterans Administration (VA). The Administration believes that with its expected increase in productivity, the VA can continue to provide 1) high quality medical care to all veterans who are expected to seek VA care and 2) timely and effective delivery of benefits without these increases.

These objectionable increases include:

-- $240 million and 2,782 FTE for VA medical care;

-- $3 million and 601 FTE for the General Operating expenses account, earmarking 590 of that additional FTE to the Department of Veterans Benefits; and,

-- $6 million and 130 FTE for medical research.

In summary, these increases would enlarge the VA's staff beyond that warranted by current services, rather than achieving the staffing reductions and associated dollar savings resulting from the enhanced productivity anticipated in the President's Budget.

The Committee would also shift $12 million from minor construction to major construction and reallocate the funds to different projects in the major construction account. The Committee would add four nursing homes and design funds for a clinical addition in Dallas, Texas, while denying funds for construction of a regional office in Montgomery, Alabama and funding the design, but not the full construction, of a clinical addition in Nashville, Tennessee. The allocation of $14.7 million for a 120 bed nursing home and $17 million for a parking garage in New Orleans, Louisiana is particularly objectionable as this is over four times the average cost to construct a VA nursing home of this size and parking lot. The addition of funding for the four new nursing homes will result in permanent increases to operating costs in the out-years of more than $20 million per year. This is over 50 percent more than it would cost to provide nursing home care in these locations through VA's other nursing home programs. Splitting the funding for the design and construction of the Nashville clinical addition is an inappropriate way to budget for capital expenditures. This action, in effect, would shift the allocation of the $37.8 million requested for construction of the Nashville clinical addition to be used for construction and design of other projects, ignoring VA's priorities.

Budget authority of $8.4 million contained in the Administration's request for the General Operating Expenses account, to pay state Approving Agencies, will continue to be scored as a discretionary expenditure. The President signed P.L. 100-323, which requires that this expenditure be paid from an entitlement account. The scoring as a discretionary expenditure is in accordance with the Bipartisan Budget Agreement. The Committee does not score it as a discretionary expenditure (nor is it added to the entitlement appropriation). The $8.4 million will be scored as an adjustment to the Committee's discretionary total.

Defense-Related Agencies

Selective Service System (SSS). The Committee has provided a 1.0 percent increase beyond the President's request for this account, for allocation at the agency's discretion. This increase is in addition to the 2.6 percent increase over its FY 1988 budget, received by all Defense-related agencies. The SSS can meet its current mission requirements within the funding level requested by the President.

II. LANGUAGE PROVISIONS

Department of Housing and Urban Development (HUD)

Subsidized Housing: Vouchers. The Committee bill mandates that highest priority in the distribution of vouchers shall be given to families who as a result of rental rehabilitation activities pay rents in excess of 35 percent of their incomes. This means that families with greater rent burdens living elsewhere will be given lower priority. This provision is inconsistent with the desired policy of giving those families who are most in need priority in receiving housing assistance.

Subsidized Housing. The Committee bill raises fees for the costs incurred by housing authorities in administering the Section 8 certificate and housing voucher programs to the level authorized for such fees in Section 8 (q) of the 1987 Housing Act. The Administration opposes this language provision because recent research by GAO and HUD indicates that current fees paid to local housing authorities are actually in excess of incurred costs.

Management and Administration, Salaries and Expenses. The Committee establishes an administratively burdensome and overly prescriptive staffing floor for Public and Indian housing programs. Despite recommending cuts from last

year's level for public and Indian housing development, the Committee mandates a floor that is 50 staff-years greater than the one required in 1988.

Environmental Protection Agency (EPA)

Pesticides Indemnification (Administrative Provision). The Committee bill includes language that has the effect of requiring the Claims and Judgment Fund, rather than EPA, to pay pesticide indemnification claims. This could automatically add to FY 1989 outlays without further Congressional oversight and takes pressure off the authorizing committees to address the indemnification issue. It also reduces EPA's incentive to find ways to minimize or contest the amount of these claims and runs counter to recent Justice Department and GAO efforts to limit use of the Judgment Fund.

Veterans Administration

The Committee would continue the cap on staffing for administrative support funded within the VA medical care appropriation that was imposed by the Congress for the last two years. In the 1989 Budget, the Administration had requested that the cap be deleted as an unwarranted intrusion into the day-to-day management of the VA medical care system.

The Committee would also continue to earmark $512 million and 12,898 FTE for the Department of Veterans Benefits. These earmarks unnecessarily restrict the Administrator's ability to manage the agency.

The Committee has not deleted appropriation language in the Major Construction account, as requested in the President's FY 1989 Budget dealing with section 1015 of the Impoundment Control Act of 1974 (title X of Public Law 93-344), by which the Comptroller General can classify impoundments and trigger whatever statutory procedures and time tables the 1974 Act provides. To the extent that consequences follow from such action by the Comproller General, constitutional questions may be raised.

STATEMENT OF ADMINISTRATION POLICY

(REVISED)

June 15, 1988
(House Rules)

H.R. 4800 - HUD/INDEPENDENT AGENCIES APPROPRIATIONS BILL, 1989
(Sponsors: Whitten (D), Mississippi;
Boland (D), Massachusetts)

The HUD-Independent Agencies Appropriations Bill approved by the full Appropriations Committee provides funding which is excessive overall, which contains too much funding for low priorities and not enough for high priorities, and which contains objectionable language provisions. If the bill were presented to the President in its current form, the Director of the Office of Management and Budget would recommend that he veto it.

The budget authority provided by the Committee for discretionary programs is $1.1 billion in excess of the President's request. Some of the increases would provide for the expansion of low-priority services at the expense of reductions to higher national priority programs.

The following increases in budget authority relative to the President's request are either inappropriate or unnecessary:

-- $787 million for subsidized housing. The Committee's proposed subsidized housing program mix would serve 24 percent fewer low-income families in 1989 -- 82,176 versus 108,000 in the President's Budget. In addition, the Administration strongly objects to the diversion of scarce low-income rental housing resources to the new moderate-income "Nehemiah" home ownership program.

-- $450 million for EPA sewage treatment construction grants. This excessive funding is not necessary to meet municipal compliance requirements and would fund many lower priority projects.

-- $150 million for Community Development Block Grants (CDBG). The Administration proposed $2.5 billion in BA, augmented with a transfer of $200 million from the Section 312 rehabilitation loan fund account. While the Committee is to be commended for not funding the "pork barrel" Urban Development Action Grants (UDAG) program, the total CDBG funding level of $3 billion (including $150 million transfer from the Flexible Subsidy Fund) exceeds the amount the Administration feels is sufficient for 1989.

-- $250 million for the Veterans Administration (VA) primarily to increase staffing by 3,513 FTE beyond that which is warranted. The Administration believes that with its expected increase in productivity, the VA can continue to provide timely and effective delivery of benefits and quality medical care to all veterans expected to apply for care without these increases.

On the other hand, the Committee reduces funds for priority programs significantly below the Administration's request:

-- The general reduction of $205 million from the Shuttle funds could seriously affect NASA's ability to achieve an adequate Shuttle flight-rate build-up, further delaying national security missions and increasing costs to other programs.

-- The reduction of $110 million (over one-half of the funds requested) for NASA's procurement of expendable launch vehicle services will reduce needed access to space for important scientific missions already delayed by at least three years, thus exacerbating the effect of the reduction in Shuttle funding.

-- The Committee reduces the President's FY 1989 increase for all of the National Science Foundation's proposed research programs by almost 60 percent. Such action will hinder efforts to strengthen the nation's scientific and technological base.

-- The Committee's $175 million reduction to the Hazardous Substance Superfund account may prevent EPA from meeting statutory deadlines and unnecessarily delay the clean up of 10-15 sites ready for clean up.

The enclosed material more fully describes these and other funding and language provisions that are objectionable.

The Administration urges the House to redirect the excessive increases in low-priority programs to more important national priorities, thereby providing a FY 1989 HUD-Independent Agencies Appropriations Bill that I could recommend the President sign. In particular, we would oppose any amendment to transfer funds away from NASA.

Enclosure

FY 1989 HUD/INDEPENDENT AGENCIES APPROPRIATIONS BILL
OBJECTIONABLE PROVISIONS

I. FUNDING LEVELS

Department of Housing and Urban Development (HUD)

Subsidized Housing. The BA level for subsidized housing is $787 million higher than requested in the President's Budget. At the same time, the House's subsidized housing program mix would serve 24 percent fewer low-income families in 1989 -- 82,176 versus 108,000 in the President's Budget. The most objectionable components within the subsidized housing program funded by the House include: (1) $35 million for Nehemiah, a new moderate-income housing subsidy program; (2) 2,000 subsidies funded under the new handicapped program rather than under Section 202/8; (3) 5,000 Section 8 Moderate Rehabilitation units; (4) $343.3 million for the construction of 5,000 new public housing units; and (5) $1.6 billion for public housing modernization, $600 million higher than in the President's 1989 request.

Community Development Action Grants (CDBG). The House Appropriations Committee proposes $2.6 billion in new BA for CDBG. Additionally, the Committee proposes augmenting CDBG with a transfer of $200 million from the Section 312 rehabilitation loan fund account in addition to a proposed transfer of $150 million from the Flexible Subsidy Fund. The proposed total FY 1989 funding level for CDBG (new BA and transfer authority) would be $3 billion.

While we commend the Committee for endorsing the President's Budget request in not funding UDAG, the $2.5 billion in BA proposed in the President's Budget (together with a $200 million transfer from the Section 312 account) is sufficient funding for this program in 1989. The Committee also continues the unneeded Section 108 loan guarantee program.

A more effective use of the transferred Flexible Subsidy resources is to augment the already limited NASA programs.

Payments for Low-Income Housing Projects. The House Appropriations Committee has provided $1.62 billion for public housing operating subsidies. This BA level exceeds the President's request of $1.52 billion which fully funds the operating needs of public housing projects, as projected by the Performance Funding System formula.

Management and Administration, Salaries and Expenses. The Committee bill increases HUD staffing by 643 staff-years, an amount well in excess of the President's request and of that justified by estimated program activity. In addition, the Committee funds the higher staffing level through budget gimmickry to avoid the discretionary funding ceiling. This entire staffing increase is paid for with FHA Fund resources (which are not subject to the discretionary cap), even though only a fraction (38 percent) is to be used for FHA-related activities. A scorekeeping adjustment of $13.7 million will be added to the Committee's discretionary total.

Environmental Protection Agency (EPA)

Construction Grants. The Administration strongly opposes the increase of $450 million for sewage treatment construction grants. Excessive funding for this program was one of the primary reasons for the President's veto of the 1987 Water Quality Act. Funding above the President's Budget is not necessary to meet municipal compliance requirements and would fund many lower priority projects. The Administration also objects to the unjustified funding of projects in Iowa, Massachusetts, and New York under special rules not available to other projects and outside the normal state allocation process.

Asbestos Program. The $65 million added by the Committee for the Asbestos School Loan and Grant Program is not necessary. It was not contained in the President's Budget because prior year appropriations have reduced the asbestos problem greatly. This additional funding would go to State and local agencies that are capable financially of addressing the problem themselves, or to low-priority projects that do not represent an environmental threat. Approximately $153 million in Federal funds have been provided to complete 1,767 projects in local educational agencies showing the greatest financial and environmental needs. The financial responsibility for asbestos abatement now rests with States and localities. Thirty-two states have enacted more than 60 asbestos-related laws and nearly half of the States have financing provisions in these laws.

Hazardous Substance Superfund. The Administration opposes the $175 million reduction to the President's Budget for the Hazardous Substance Superfund. This reduction may prevent EPA from meeting statutory deadlines and unnecessarily delay the cleanup of 10-15 sites ready for cleanup.

Operating Program: Abatement, Control and Compliance; Salaries and Expenses; Research and Development. The Committee bill would add $45 million (excluding asbestos loans and grants) and 70 FTEs to the President's Budget spread across EPA's operating program. These increases would either fund low-priority activities or special interest projects, or would increase current resources beyond levels consistent with Administration policy. The Administration urges the Senate to reduce this funding to the requested level.

National Aeronautics and Space Administration (NASA)

Space Flight, Control and Data Communications (SFCDC); Research and Program Management (R&PM). The general reduction of $205 million from the Shuttle funds could seriously affect NASA's ability to achieve an adequate shuttle flight-rate buildup. Delays in Shuttle flight-rate buildup could result in further delays in important national security missions and in increased costs to other programs. The reduction of $110 million, (over half of the funds requested) for the procurement of expendable launch vehicle services will reduce needed access to space for important scientific missions, already delayed by at least three years, thus exacerbating the effect of the reduction in Shuttle funding. The reduction in research and program management ($60 million) will likely require some adverse personnel actions and will seriously affect operational support activities related to the buildup of Space Shuttle flight activity. We urge the Senate to restore funding for these important activities.

Research and Development (R&D). In light of the recent action by the House Committee on Science, Space and Technology regarding the Commercially-Developed Space Facility, the rescission of $25 million of FY 1988 funds (originally intended for the Industrial Space Facility) is premature. We urge the Senate not to rescind these funds.

National Science Foundation (NSF)

The Committee has reduced the President's fiscal year 1989 increase for all of NSF's proposed research programs by almost 60 percent. Such an action would forestall the proposed doubling of the Foundation's budget and hinder efforts to strengthen the nation's scientific and technological base. Since FY 1985, the Foundation has had essentially a level research budget. This has forced the deferral of important research initiatives -- including increasing the number of research awards; improving undergraduate science and engineering programs; and establishing new Science and Technology Centers -- all ingredients essential for improvements in the nation's economic competitiveness.

Veterans Administration (VA)

In total, the Committee recommendation would add $225 million and 3,513 FTE to the President's 1989 request for the Veterans Administration (VA). The Administration believes that with its expected increase in productivity, the VA can continue to provide 1) high quality medical care to all veterans who are expected to seek VA care and 2) timely and effective delivery of benefits without these increases.

These objectionable increases include:

-- $240 million and 2,782 FTE for VA medical care;

-- $3 million and 601 FTE for the General Operating expenses account, earmarking 590 of that additional FTE to the Department of Veterans Benefits; and,

-- $6 million and 130 FTE for medical research.

In summary, these increases would enlarge the VA's staff beyond that warranted by current services, rather than achieving the staffing reductions and associated dollar savings resulting from the enhanced productivity anticipated in the President's Budget.

The Committee would also shift $12 million from minor construction to major construction and reallocate the funds to different projects in the major construction account. The Committee would add four nursing homes and design funds for a clinical addition in Dallas, Texas, while denying funds for construction of a regional office in Montgomery, Alabama and funding the design, but not the full construction, of a clinical addition in Nashville, Tennessee. The allocation of $31.7 million for a parking garage and nursing home in New Orleans, Louisiana is particularly objectionable as this is over four times the average cost to construct a 120 bed VA nursing home and parking lot ($7.5 million). The addition of funding for the four new nursing homes will result in permanent increases to operating costs in the out-years of more than $20 million per year. This is over 50 percent more than it would cost to provide nursing home care in these locations through VA's other nursing home programs. Splitting the funding for the design and construction of the Nashville clinical addition is an inappropriate way to budget for capital expenditures. This action, in effect, would shift the allocation of the $37.8 million requested for construction of the Nashville clinical addition to be used for construction and design of other projects, ignoring VA's priorities.

Budget authority of $8.4 million contained in the Administration's request for the General Operating Expenses account, to pay state Approving Agencies, will continue to be scored as a discretionary expenditure. The President signed P.L. 100-323, which requires that this expenditure be paid from an entitlement account. The scoring as a discretionary expenditure is in accordance with the Bipartisan Budget Agreement. The Committee does not score it as a discretionary expenditure (nor is it added to the entitlement appropriation). The $8.4 million will be scored as an adjustment to the Committee's discretionary total.

Defense-Related Agencies

Selective Service System (SSS). The Committee has provided a 1.0 percent increase beyond the President's request for this account, for allocation at the agency's discretion. This increase is in addition to the 2.6 percent increase over its FY 1988 budget, received by all Defense-related agencies. The SSS can meet its current mission requirements within the funding level requested by the President.

II. LANGUAGE PROVISIONS

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Subsidized Housing: Vouchers. The Committee bill mandates that highest priority in the distribution of vouchers shall be given to families who as a result of rental rehabilitation activities pay rents in excess of 35 percent of their incomes. This means that families with greater rent burdens living elsewhere will be given lower priority. This provision is inconsistent with the desired policy of giving those families who are most in need priority in receiving housing assistance.

Subsidized Housing. The Committee bill raises fees for the costs incurred by housing authorities in administering the Section 8 certificate and housing voucher programs to the level authorized for such fees in Section 8 (q) of the 1987 Housing Act. The Administration opposes this language provision because recent research by GAO and HUD indicates that current fees paid to local housing authorities are actually in excess of incurred costs.

Management and Administration, Salaries and Expenses. The Committee establishes an administratively burdensome and overly prescriptive staffing floor for Public and Indian housing programs. Despite recommending cuts from last

year's level for public and Indian housing development, the Committee mandates a floor that is 50 staff-years greater than the one required in 1988.

Environmental Protection Agency (EPA)

Pesticides Indemnification (Administrative Provision). The Committee bill includes language that has the effect of requiring the Claims and Judgment Fund, rather than EPA, to pay pesticide indemnification claims. This could automatically add to FY 1989 outlays without further Congressional oversight and takes pressure off the authorizing committees to address the indemnification issue. It also reduces EPA's incentive to find ways to minimize or contest the amount of these claims and runs counter to recent Justice Department and GAO efforts to limit use of the Judgment Fund.

Veterans Administration

The Committee would continue the cap on staffing for administrative support funded within the VA medical care appropriation that was imposed by the Congress for the last two years. In the 1989 Budget, the Administration had requested that the cap be deleted as an unwarranted intrusion into the day-to-day management of the VA medical care system.

The Committee would also continue to earmark $512 million and 12,898 FTE for the Department of Veterans Benefits. These earmarks unnecessarily restrict the Administrator's ability to manage the agency.

The Committee has not deleted appropriation language in the Major Construction account, as requested in the President's FY 1989 Budget dealing with section 1015 of the Impoundment Control Act of 1974 (title X of Public Law 93-344), by which the Comptroller General can classify impoundments and trigger whatever statutory procedures and time tables the 1974 Act provides. To the extent that consequences follow from such action by the Comproller General, constitutional questions may be raised.

100th Congress

STATEMENT OF ADMINISTRATION POLICY CLEARANCE FORM

House/Senate Floor Action Passed 6/22 377-40 / _____ Brief Title HUD Appropriations Bill # HR 4800

PAD CLEARANCE

		Rules	Rules House
1)	date		
2) Crawford	date	6/16	
3)	date		

Director/Deputy Director Approval

[illegible]	date 5/31		
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STATEMENT OF ADMINISTRATION POLICY

June 22, 1988
(House Rules)

H.R. 4867 - DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1989

(Sponsors: Whitten (D), Mississippi; Yates (D), Illinois)

Based on a number of objectionable funding and language provisions included in the present version of the bill, the Director of the Office of Management and Budget would recommend that the President veto the bill.

The Committee bill undercuts efforts begun in FY 1988 to demonstrate the Nation's ongoing commitment to implement the recommendations of the joint U.S. - Canadian Special Envoys on Acid Rain. It fails to provide the requested funding for the Clean coal technology program for future rounds of project solicitations from FY 1990 through FY 1992, thereby jeopardizing the Federal commitment for acid rain control technologies. It also changes the availability of the $525 million previously appropriated for FY 1989, appropriating only $100 million in FY 1989 and $425 million for FY 1990 and FY 1991. These actions result in a shortfall of $1.775 billion from the total of $2.3 billion requested for the program.

The bill includes $157 million for energy conservation grants that should be financed by States from receipts resulting from petroleum overcharge violation cases, $145 million for land acquisition that should be postponed, if it cannot be foregone, $156 million for discretionary, non-critical construction, and $64 million for Indian health facilities despite a 50 percent occupancy rate at these facilities. The enclosure explains why these and other low priority and unnecessary programs should not be funded.

Language has been included that would require that structures on the Outer Continental Shelf (OCS) contain at least 50 percent U.S. labor and materials. The Administration is strongly opposed to this provision. It would seriously delay and increase the cost of oil production from the OCS; it conflicts with the Administration objective of encouraging reliance on indigenous energy sources; it is contrary to U.S. obligations under the General Agreement on Tariffs and Trade -- inviting retaliation from countries such as the United Kingdom, Norway, the Netherlands, and Denmark; and it would create a new trade barrier at a time when markets are particularly concerned about creeping protectionism.

The bill also includes language that excludes areas of the North Atlantic, California, and Florida from the offshore leasing program. This moratorium contradicts the statutory mandate of the OCS Lands Act designed to expedite exploration and production consistent with proper balancing of environmental and other concerns. It overrides the process of scientific studies and balancing analysis required by sections 18 and 19 of the OCS Lands Act. Finally, it would reduce anticipated FY 1989 receipts by $165 million -- $125 million from California leases and another $40 million from Florida and the North Atlantic leases.

The Administration has serious concerns about the policy implications of language that prohibits the Bureau of Mines from proceeding with the sale of Federal helium operations. The Bureau is currently reviewing the results of an independent study analyzing the issues relating to the valuation and potential disposition of the helium processing and distribution operations. Generally, we have found nothing in the study to indicate that the privatization initiative should not proceed.

The Administration urges the House to support fiscally responsible efforts to upgrade our emergency preparedness assets and to improve the Nation's ability to deal with potential turbulance in world oil markets through enactment of legislation to authorize the sale of the Naval Petroleum Reserve (NPR). The proceeds of this sale should be earmarked for the acquisition of oil for a 10 million barrel Defense Petroleum Inventory (DPI) and for increasing the fill rate of the Strategic Petroleum Reserve (SPR) to an average rate of 100,000 barrels per day. As many members of Congress have pointed out, now is the time to increase the fill rate of the SPR since oil prices are relatively low. Now is also the time to build the DPI since the NPRs are becoming less adequate for this purpose.

The enclosed fact sheet discusses these and other funding and language provisions that are objectionable to the Administration.

Enclosure

INTERIOR AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1989
OBJECTIONABLE PROVISIONS

I. FUNDING LEVELS

Clean Coal Technology Program. The bill undercuts efforts begun in FY 1988 to demonstrate the Nation's ongoing commitment to implement the recommendations of the joint U.S. - Canadian Special Envoys on Acid Rain. It fails to provide the requested funding for future rounds of project solicitations from FY 1990 through FY 1992, thereby jeopardizing the Federal commitment for acid rain control technologies. It also changes the availability of the $525 million previously appropriated for FY 1989 and appropriates $100 million in FY 1989 and $425 million for FY 1990 and FY 1991. These actions result in a shortfall of $1.775 billion from the total of $2.3 billion requested for the program.

Fossil Energy Research and Development. The bill would significantly increase spending for fossil energy research and development ($30 million or 9 percent over FY 1988 and $190 million or 114 percent over the request). It would maintain duplicate contractor research efforts that may result in additional future outlays. It includes numerous special-interest items that are inappropriate for Federal research.

Funds have again been earmarked for the magnetohydrodynamics (MHD) program. This year, however, the Committee has reversed its previously stated intention that the level of private cost sharing should increase by five percentage points each year. In FY 1987, the appropriations act set the cost sharing requirement at 20 percent; in FY 1988, it was set at 25 percent; in FY 1989, it should be set at 30 percent.

Energy Conservation. The bill includes increases of $202 million for conservation grants, offset by an expected $45 million in petroleum overcharge receipts. This additional amount is unnecessary because the States that would receive these funds have also received $2.9 billion from petroleum overcharge violation cases that they can use to fund conservation grant activities.

The bill includes significant increases in conservation research and development ($4 million and 3 percent over FY 1988 and $69 million and 77 percent over the request). It includes many special interest items that are inappropriate for Federal research. Particularly troublesome is the stipulation in the bill that the

earmarked funds for Northwestern University can be used to expand the energy demonstration and research facility specified in the FY 1988 appropriations act to also include space for life sciences.

Federal Land Acquisition. Substantial funds ($145 million) are added to the President's Budget for land acquisition by the Bureau of Land Management, the National Park Service, the Fish and Wildlife Service, and the Forest Service. Given the 730 million acres already in Federal ownership (one-third of the Nation) and the serious budget situation, discretionary land acquisition should be postponed, if it cannot be foregone. Adding more land is a lower priority than providing quality operations and maintenance of existing lands.

Historic Preservation Fund. Funds ($30 million) are included for the Historic preservation fund whereas the President's Budget proposed no funding. The Federal Government already contributes hundreds of millions of dollars annually to the cause of historic preservation through tax code provisions. Financing State historic preservation offices and the National Trust for Historic Preservation is more properly a State and private responsibility.

Construction. Substantial funds ($156 million) are added to the President's Budget for construction by the Bureau of Land Management, the National Park Service, the Fish and Wildlife Service, and the Bureau of Indian Affairs. Only high priority construction projects, generally devoted to meeting health and safety needs, are proposed in the President's Budget. The additional construction projects are discretionary or non-critical and can be foregone or postponed. New construction is a lower priority than providing quality operations and maintenance of existing facilities.

Operations. A total of $132 million is added to the President's Budget to expand the operating budgets (exclusive of fire suppression) of various Interior bureaus, including the Bureau of Indian Affairs ($51 million), the U.S. Geological Survey ($23 million), the Bureau of Mines ($20 million), and the Fish and Wildlife Service ($18 million). These increases fund numerous lesser priority or special interest projects.

Fire Fighting. The bill adds a total of almost $36 million for fire suppression for the Department of the Interior. These funds are to be used to reimburse fire fighting costs that will be incurred by Interior bureaus in FY 1988. It is premature to add funds over the President's Budget until actual FY 1988 fire costs are known. The Budget represents a conservative estimate

based on recent historical experience. If costs prove higher, the shortfall can be made up (with appropriate offsets) in an FY 1989 supplemental or the FY 1990 appropriation.

Forest Service. The bill adds $167 million in discretionary appropriations (excluding land acquisition and fire fighting) for low priority program operations and construction projects. Unwarranted increases include $11 million for research; $43 million for state and private forestry programs that are not a Federal responsibility; $18 million for facility and Mt. St. Helens road construction; $39 million for recreation, fish and wildlife programs; and $12 million for soil, water, and range management.

Reductions in timber harvest administration (-$10 million), road construction (-$30 million), the Tongass National Forest (-$15 million) and other programs (-$17 million) will unduly affect timber sales and forest management.

Indian Health Services. To support increased Indian self-determination, the Administration urges the Congress to adopt the Administration's proposal to set aside funding in the bill for tribal operated hospitals and clinics. With such a distinction, the Federal government can demonstrate its long-term commitment to increasing tribal participation in the management and operation of health facilities. There is wide-spread support for separate funding among Indians and Alaska Natives. Without separate funding, Indian tribes have no way of knowing whether Federal support for self-determination contracting is waning, increasing, or remaining the same.

Indian Health Facilities. The bill includes $64 million for Indian health facilities. This amount is but the tip of an iceberg since the bill includes only partial funding for several inpatient and outpatient projects estimated to cost an additional $153 million. In addition, the need for these facilities is dubious. Funding for these facilities has continued to increase in recent years despite a 50 percent occupancy rate at IHS hospitals.

National Foundation on the Arts and the Humanities. The bill includes an increase of $15 million (5 percent) that would make no material difference in the quality of American cultural life and cannot be objectively justified. The amounts requested reflect sufficient support for the Federal role in the arts.

National Capital Arts and Cultural Affairs. The bill includes $5 million for general operating support on a non-competitive grant basis to Washington, D.C. arts and cultural organizations -- a duplication of existing Federal nationwide competitive grants.

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SPR Petroleum Account/Naval Petroleum Reserve. The Administration urges the Congress to support fiscally responsible efforts to upgrade our emergency preparedness assets and to improve the Nation's ability to deal with potential turbulance in world oil markets through enactment of legislation to authorize the sale of the Naval Petroleum Reserve (NPR). The proceeds of this sale should be earmarked for the acquisition of oil for a 10 million barrel Defense Petroleum Inventory (DPI) and for increasing the fill rate of the Strategic Petroleum Reserve (SPR) to an average rate of 100,000 barrels per day. As many members of Congress have pointed out, now is the time to increase the fill rate of the SPR since oil prices are relatively low. Now is also the time to build the DPI since the NPRs are becoming less adequate for this purpose.

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Impediments to Proper Management. Several provisions in the bill impede the ability of the Executive Branch to manage programs properly and effectively. Examples of such intrusions into Executive Branch responsibilities include prohibitions on changing regional boundaries and office locations of the Forest Service as well as the closing or consolidating of Bureau of Mines research facilities (even though there are no current plans to do so), and implementing proposed eligibility regulations of the Indian Health Service.

The Administration objects to new language concerning Federal management of Federally owned wildlife refuges. State management of Federally owned lands is authorized and is being practiced in accordance with the Fish and Wildlife Act of 1956 and the National Wildlife Refuge System Act of 1966. To constrain this practice is potentially inefficient and inconsistent with our experience in managing under these Acts. Any management by States must conform to Federal standards, and we ask that the language be deleted.

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the appropriations process and subject to the scrutiny provided other activities. Any fees (such as the increased fees currently under review) should be credited to the General Fund of the Treasury, as is the case under current law.

Seat Belts on National Park Service Roads. Language is included providing that five percent of the Office of the Secretary funds will become available only after the issuance of a rule requiring the use of seat belts on National Park Service roads. While the intent of the provision may be laudable, the Administration objects to this linkage potentially penalizing the Office of the Secretary. If the Congress believes seat belt use should be required in National parks, it should enact legislation via the authorizing committees.

Employment Ceilings. Section 310 of the bill appears to exempt programs funded by the bill from employment ceilings. The Administration opposes this provision because it prevents effective and efficient management of agency programs and promotes wasteful spending.

Required Supplementals. Sections 101 and 102 of the bill require that supplementals be requested to replenish funds transferred to cover emergencies. The President has constitutional and statutory authority to propose legislation (including supplementals). The President retains discretion on whether and when to request supplemental appropriations.

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STATEMENT OF ADMINISTRATION POLICY

February 25, 1988
(House)

S. 557 - Civil Rights Restoration Act of 1987
(Kennedy (D) Massachusetts and 57 others)

The Administration opposes S. 557, and the President's senior advisers would recommend that the President veto the bill if it is presented to him in its current form. The Administration urges that S. 557 be referred to the appropriate House committee to allow careful consideration of the fundamental revisions to the civil rights laws proposed by the bill.

S. 557 is particularly objectionable because of its vague language that vastly expands the jurisdiction under various Federal statutes of Federal agencies and courts over State and local governments, churches and synagogues, religious school systems, businesses of all sizes, and other elements of the private sector.

In response to the Supreme Court's decision in Grove City College v. Bell, the Administration, however, does support H.R. 1881 which would:

-- amend Title IX of the Education Amendments of 1972 and three other civil rights laws (Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and Title III of the Age Discrimination Act of 1975) to provide that for educational institutions, the antidiscrimination provisions of these laws apply to the entire institution when any "program or activity" receives Federal financial assistance;

-- include language that strengthens Title IX's exemption for certain religiously-based practices of educational institutions to include (in addition to institutions "controlled by" a religious organization) those which are "closely identified with the tenets of a religious organization"; and

-- state that the legislation would neither grant, secure nor deny any right concerning abortion, abortion-related services or funding thereof.

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STATEMENT OF ADMINISTRATION POLICY

September 30, 1988
(House)

H.R. 4844 - Federal Aviation Administration (FAA) Drug Enforcement Assistance Act
(Anderson (D) California and 33 others)

If H.R. 4844 were presented to the President, the Director of the Office of Management and Budget would recommend that he veto it because Section 10 would: (1) unacceptably interfere with the President's ability to manage the Executive branch, and (2) unjustifiably erode his authority to control reporting and other Federally imposed paperwork burdens under the Paperwork Reduction Act.

The Administration strongly supports the enactment of legislation necessary to combat the problem of drug abuse. In this regard, the Department of Transportation is already in the process of considering or implementing changes to FAA Aircraft Registry and other procedures addressed by the bill. Moreover, Section 10 includes highly objectionable provisions, unrelated to combatting drug abuse, which would (1) require the FAA to transmit to the Congress "any budget estimate, budget request, supplemental budget estimate, or other budget information, legislative recommendation, or comment on legislation at the same time they are submitted to OMB or the President;" and (2) exempt "information collection requests necessary to carry out" the bill's provisions from review or approval pursuant to the Paperwork Reduction Act.

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STATEMENT OF ADMINISTRATION POLICY

June 29, 1988
(House)

H.R. 4867 - DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1989

(Sponsors: Whitten (D), Mississippi; Yates (D), Illinois)

Based on a number of objectionable funding and language provisions included in the present version of the bill, the Director of the Office of Management and Budget would recommend that the President veto the bill.

The Committee bill undercuts efforts begun in FY 1988 to demonstrate the Nation's ongoing commitment to implement the recommendations of the joint U.S. - Canadian Special Envoys on Acid Rain. It fails to provide the requested funding for the Clean coal technology program for future rounds of project solicitations from FY 1990 through FY 1992, thereby jeopardizing the Federal commitment for acid rain control technologies. It also changes the availability of the $525 million previously appropriated for FY 1989, appropriating only $100 million in FY 1989 and $425 million for FY 1990 and FY 1991. These actions result in a shortfall of $1.775 billion from the total of $2.3 billion requested for the program.

The bill includes $157 million for energy conservation grants that should be financed by States from receipts resulting from petroleum overcharge violation cases, $145 million for land acquisition that should be postponed, if it cannot be foregone, $156 million for discretionary, non-critical construction, and $64 million for Indian health facilities despite a 50 percent occupancy rate at these facilities. The enclosure explains why these and other low priority and unnecessary programs should not be funded.

Language has been included that would require that structures on the Outer Continental Shelf (OCS) contain at least 50 percent U.S. labor and materials. The Administration is strongly opposed to this provision. It would seriously delay and increase the cost of oil production from the OCS; it conflicts with the Administration objective of encouraging reliance on indigenous energy sources; it is contrary to U.S. obligations under the General Agreement on Tariffs and Trade -- inviting retaliation from countries such as the United Kingdom, Norway, the Netherlands, and Denmark; and it would create a new trade barrier at a time when markets are particularly concerned about creeping protectionism.

The bill also includes language that excludes areas of the North Atlantic, California, and Florida from the offshore leasing program. This moratorium contradicts the statutory mandate of the OCS Lands Act designed to expedite exploration and production consistent with proper balancing of environmental and other concerns. It overrides the process of scientific studies and balancing analysis required by sections 18 and 19 of the OCS Lands Act. Finally, it would reduce anticipated FY 1989 receipts by $165 million -- $125 million from California leases and another $40 million from Florida and the North Atlantic leases.

The Administration has serious concerns about the policy implications of language that prohibits the Bureau of Mines from proceeding with the sale of Federal helium operations. The Bureau is currently reviewing the results of an independent study analyzing the issues relating to the valuation and potential disposition of the helium processing and distribution operations. Generally, we have found nothing in the study to indicate that the privatization initiative should not proceed.

The Administration urges the House to support fiscally responsible efforts to upgrade our emergency preparedness assets and to improve the Nation's ability to deal with potential turbulance in world oil markets through enactment of legislation to authorize the sale of the Naval Petroleum Reserve (NPR). The proceeds of this sale should be earmarked for the acquisition of oil for a 10 million barrel Defense Petroleum Inventory (DPI) and for increasing the fill rate of the Strategic Petroleum Reserve (SPR) to an average rate of 100,000 barrels per day. As many members of Congress have pointed out, now is the time to increase the fill rate of the SPR since oil prices are relatively low. Now is also the time to build the DPI since the NPRs are becoming less adequate for this purpose.

The enclosed fact sheet discusses these and other funding and language provisions that are objectionable to the Administration.

Enclosure

INTERIOR AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1989
OBJECTIONABLE PROVISIONS

I. FUNDING LEVELS

Clean Coal Technology Program. The bill undercuts efforts begun in FY 1988 to demonstrate the Nation's ongoing commitment to implement the recommendations of the joint U.S. - Canadian Special Envoys on Acid Rain. It fails to provide the requested funding for future rounds of project solicitations from FY 1990 through FY 1992, thereby jeopardizing the Federal commitment for acid rain control technologies. It also changes the availability of the $525 million previously appropriated for FY 1989 and appropriates $100 million in FY 1989 and $425 million for FY 1990 and FY 1991. These actions result in a shortfall of $1.775 billion from the total of $2.3 billion requested for the program.

Fossil Energy Research and Development. The bill would significantly increase spending for fossil energy research and development ($30 million or 9 percent over FY 1988 and $190 million or 114 percent over the request). It would maintain duplicate contractor research efforts that may result in additional future outlays. It includes numerous special-interest items that are inappropriate for Federal research.

Funds have again been earmarked for the magnetohydrodynamics (MHD) program. This year, however, the Committee has reversed its previously stated intention that the level of private cost sharing should increase by five percentage points each year. In FY 1987, the appropriations act set the cost sharing requirement at 20 percent; in FY 1988, it was set at 25 percent; in FY 1989, it should be set at 30 percent.

Energy Conservation. The bill includes increases of $202 million for conservation grants, offset by an expected $45 million in petroleum overcharge receipts. This additional amount is unnecessary because the States that would receive these funds have also received $2.9 billion from petroleum overcharge violation cases that they can use to fund conservation grant activities.

The bill includes significant increases in conservation research and development ($4 million and 3 percent over FY 1988 and $69 million and 77 percent over the request). It includes many special interest items that are inappropriate for Federal research. Particularly troublesome is the stipulation in the bill that the

earmarked funds for Northwestern University can be used to expand the energy demonstration and research facility specified in the FY 1988 appropriations act to also include space for life sciences.

Federal Land Acquisition. Substantial funds ($145 million) are added to the President's Budget for land acquisition by the Bureau of Land Management, the National Park Service, the Fish and Wildlife Service, and the Forest Service. Given the 730 million acres already in Federal ownership (one-third of the Nation) and the serious budget situation, discretionary land acquisition should be postponed, if it cannot be foregone. Adding more land is a lower priority than providing quality operations and maintenance of existing lands.

Historic Preservation Fund. Funds ($30 million) are included for the Historic preservation fund whereas the President's Budget proposed no funding. The Federal Government already contributes hundreds of millions of dollars annually to the cause of historic preservation through tax code provisions. Financing State historic preservation offices and the National Trust for Historic Preservation is more properly a State and private responsibility.

Construction. Substantial funds ($156 million) are added to the President's Budget for construction by the Bureau of Land Management, the National Park Service, the Fish and Wildlife Service, and the Bureau of Indian Affairs. Only high priority construction projects, generally devoted to meeting health and safety needs, are proposed in the President's Budget. The additional construction projects are discretionary or non-critical and can be foregone or postponed. New construction is a lower priority than providing quality operations and maintenance of existing facilities.

Operations. A total of $132 million is added to the President's Budget to expand the operating budgets (exclusive of fire suppression) of various Interior bureaus, including the Bureau of Indian Affairs ($51 million), the U.S. Geological Survey ($23 million), the Bureau of Mines ($20 million), and the Fish and Wildlife Service ($18 million). These increases fund numerous lesser priority or special interest projects.

Fire Fighting. The bill adds a total of almost $36 million for fire suppression for the Department of the Interior. These funds are to be used to reimburse fire fighting costs that will be incurred by Interior bureaus in FY 1988. It is premature to add funds over the President's Budget until actual FY 1988 fire costs are known. The Budget represents a conservative estimate

based on recent historical experience. If costs prove higher, the shortfall can be made up (with appropriate offsets) in an FY 1989 supplemental or the FY 1990 appropriation.

Forest Service. The bill adds $167 million in discretionary appropriations (excluding land acquisition and fire fighting) for low priority program operations and construction projects. Unwarranted increases include $11 million for research; $43 million for state and private forestry programs that are not a Federal responsibility; $18 million for facility and Mt. St. Helens road construction; $39 million for recreation, fish and wildlife programs; and $12 million for soil, water, and range management.

Reductions in timber harvest administration (-$10 million), road construction (-$30 million), the Tongass National Forest (-$15 million) and other programs (-$17 million) will unduly affect timber sales and forest management.

Indian Health Services. To support increased Indian self-determination, the Administration urges the Congress to adopt the Administration's proposal to set aside funding in the bill for tribal operated hospitals and clinics. With such a distinction, the Federal government can demonstrate its long-term commitment to increasing tribal participation in the management and operation of health facilities. There is wide-spread support for separate funding among Indians and Alaska Natives. Without separate funding, Indian tribes have no way of knowing whether Federal support for self-determination contracting is waning, increasing, or remaining the same.

Indian Health Facilities. The bill includes $64 million for Indian health facilities. This amount is but the tip of an iceberg since the bill includes only partial funding for several inpatient and outpatient projects estimated to cost an additional $153 million. In addition, the need for these facilities is dubious. Funding for these facilities has continued to increase in recent years despite a 50 percent occupancy rate at IHS hospitals.

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STATEMENT OF ADMINISTRATION POLICY

July 8, 1988
(Senate)

H.R. 4867 - DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1989

(Sponsors: Whitten (D), Mississippi; Yates (D), Illinois; Stennis (D), Mississippi; Byrd (D), West Virginia)

Based on a number of objectionable funding and language provisions included in the present version of the bill, the Director of the Office of Management and Budget would recommend that the President veto the bill.

Section 322 purports to require OMB and the agencies to comply with non-statutory statements issued by the managers of conference committees. This provision restricts the President's ability to execute the actual statutory language of appropriations legislation as concurred in by each House of Congress, presented to the President, and enacted into law. The "instructions and the specific allocations and earmarking of funds contained in the joint statement of managers" are neither voted on by Congress, nor presented to the President. These concerns clearly raise fundamental constitutional issues under the "take care" and "presentment" clauses. The Director of the Office of Management and Budget would welcome the opportunity to work out an arrangement in this regard that is mutually acceptable and recognizes the appropriate roles of both Branches; but the present language is constitutionally infirm and therefore unacceptable.

We thus believe that, to the extent it purports to make non-statutory "instructions" binding on the Executive Branch, Section 322 attempts to bypass the "express procedures of the Constitution's prescription for legislative action: passage by a majority of both Houses and presentment to the President." (INS v. Chadha, 462 U.S. 919, 958 (1983).) This departs from the intended constitutional design. The non-statutory "instructions" may or may not be carefully considered by a majority of the members of both Houses, and may or may not even be consistent with the law as actually signed. If Congress wishes to provide for the enactment of the managers' "instructions," it may quite properly do so consistent with the Constitution by incorporating them in legislation voted by each House and presented to the President.

The Administration is pleased that the Senate Committee bill continues efforts begun in FY 1988 to demonstrate the Nation's ongoing commitment to implement the recommendations of the joint U.S. - Canadian Special Envoys on Acid Rain. The bill provides the requested funding for future rounds of project solicitations for the Clean coal technology program beginning in FY 1990. The bill does not provide the advance appropriations of $600 million requested for FY 1991 and FY 1992, and the Administration urges that these funds be added to the bill.

The Administration urges that the bill be amended to delete $159 million for energy conservation grants that should be financed by States from receipts resulting from petroleum overcharge violation cases; $174 million for land acquisition that should be postponed, if it cannot be foregone; $143 million for discretionary, non-critical construction; and $50 million for Indian health facilities despite a 50 percent occupancy rate at these facilities. The enclosure explains why these and other low priority and unnecessary programs should not be funded.

The bill includes language that should be deleted that excludes areas of the North Atlantic, California, and Florida from the offshore leasing program. These moratoria contradict the statutory mandate of the OCS Lands Act designed to expedite exploration and production consistent with proper balancing of environmental and other concerns. They override the process of scientific studies and balancing analysis required by sections 18 and 19 of the OCS Lands Act. The Interior Department current estimate is that the moratoria would reduce anticipated FY 1989 receipts by $155 million -- $125 million from California leases and another $30 million from Florida and the North Atlantic leases.

In addition, the proposed moratoria language may increase the potential liability of the U.S. by preventing the Secretary from approving plans or activities on existing leases off the Florida coast south of 26 degrees North latitude. This potential liability may not be limited to the millions of dollars in expenditures incurred to date by the companies holding these leases.

Language that accelerates OCS sale No. 95 in Southern California is also objectionable because it undermines the purposes of the OCS Lands Act (like moratoria) and uses questionable procedures (such as avoiding full environmental studies) that appear to be contrary to the Act. Further, moving receipts from FY 1990 to FY 1989 only exacerbates the FY 1990 deficit. It does nothing to address Congressional concerns and to ensure that areas under moratoria are eventually offered for leasing consistent with OCS legal and environmental requirements.

The Administration has serious concerns about the policy implications of language that prohibits the Bureau of Mines from proceeding with the sale of Federal helium operations. The Bureau is currently reviewing the results of an independent study analyzing the issues relating to the valuation and potential disposition of the helium processing and distribution operations. Generally, we have found nothing in the study to indicate that the privatization initiative should not proceed.

The Administration urges the Senate to support fiscally responsible efforts to upgrade our emergency preparedness assets and to improve the Nation's ability to deal with potential turbulence in world oil markets through enactment of legislation to authorize the sale of the Naval Petroleum Reserve (NPR). The proceeds of this sale should be earmarked for the acquisition of oil for a 10 million barrel Defense Petroleum Inventory (DPI) and for increasing the fill rate of the Strategic Petroleum Reserve (SPR) to an average rate of 100,000 barrels per day. As many members of Congress have pointed out, now is the time to increase the fill rate of the SPR since oil prices are relatively low. Now is also the time to build the DPI since the NPRs are becoming less adequate for this purpose.

The enclosed fact sheet discusses these and other funding and language provisions that are objectionable to the Administration.

Enclosure

INTERIOR AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1989
OBJECTIONABLE PROVISIONS

I. FUNDING LEVELS

Clean Coal Technology. The Administration urges that the $600 million requested for FY 1991 and FY 1992 be added to the bill.

Fossil Energy Research and Development. The bill would significantly increase spending for fossil energy research and development ($41 million or 12 percent over FY 1988 and $201 million or 120 percent over the request). It would maintain duplicate contractor research efforts that may result in additional future outlays (e.g, three coal-fired diesel engine research and development projects, and four separate coal-fired gas turbine projects). It includes numerous special interest and low priority items including university buildings with no direct benefit to the Federal government and several instances of continued funding for an entire slate of competing technologies, where it would be more appropriate to select the most promising one or two.

Energy Conservation. The bill includes increases of $204 million for conservation grants, offset by an expected $45 million in petroleum overcharge receipts. This additional amount is unnecessary because the States that would receive these funds have also received $2.9 billion from petroleum overcharge violation cases that they can use to fund conservation grant activities.

The bill includes significant increases in conservation research and development ($64 million and 79 percent over the request). It includes many special interest items that are inappropriate for Federal research.

Federal Land Acquisition. Substantial funds ($174 million) are added to the President's Budget for land acquisition by the Bureau of Land Management, the National Park Service, the Fish and Wildlife Service, and the Forest Service. Given the 730 million acres already in Federal ownership (one-third of the Nation) and the serious budget situation, discretionary land acquisition should be postponed, if it cannot be foregone. Adding more land is a lower priority than providing quality operations and maintenance of existing lands. Further, the Administration objects to bill language authorizing and directing the expansion of the White Mountain National Forest in New Hampshire and acquisition of the land by costly condemnation procedures.

Historic Preservation Fund. Funds ($30 million) are included for the Historic preservation fund whereas the President's Budget proposed no funding. The Federal Government already contributes hundreds of millions of dollars annually to the cause of historic preservation through tax code provisions. Financing State historic preservation offices and the National Trust for Historic Preservation is more properly a State and private responsibility.

Construction. Substantial funds ($143 million) are added to the President's Budget for construction by the Bureau of Land Management, the National Park Service, the Fish and Wildlife Service, and the Bureau of Indian Affairs. Only high priority construction projects, generally devoted to meeting health and safety needs, are proposed in the President's Budget. The additional construction projects are discretionary or non-critical and can be foregone or postponed. New construction is a lower priority than providing quality operations and maintenance of existing facilities.

Operations. A total of $150 million is added to the President's Budget to expand the operating budgets (exclusive of fire suppression) of various Interior bureaus, including the Bureau of Indian Affairs ($36 million), the U.S. Geological Survey ($23 million), the Bureau of Mines ($39 million), the Bureau of Land Management ($19 million), and the Fish and Wildlife Service ($25 million). The Committee has included numerous lesser priority or special interest projects.

Fire Fighting. The bill adds a total of almost $41 million to the President's Budget for fire suppression for the Department of the Interior. These funds are to be used to reimburse fire fighting costs that will be incurred by Interior bureaus in FY 1988. It is premature to add funds over the President's Budget until actual FY 1988 fire costs are known. The Budget represents a conservative estimate based on recent historical experience. If costs prove higher, the shortfall can be made up (with appropriate offsets) in an FY 1989 supplemental or the FY 1990 appropriation.

Forest Service. The bill adds $176 million in discretionary appropriations (excluding land acquisition and fire fighting) for low priority program operations and construction projects. Unwarranted increases include $3 million for research; $48 million for state and private forestry programs that are not a Federal responsibility; $27 million for facility, recreational, and general road construction; $49 million for recreation, fish and wildlife programs; and $11 million for soil, water, and range management.

Indian Health Services. To support increased Indian self-determination, the Administration urges the Congress to adopt the Administration's proposal to set aside funding in the bill for tribal operated hospitals and clinics. With such a distinction, the Federal government can demonstrate its long-term commitment to increasing tribal participation in the management and operation of health facilities. There is wide-spread support for separate funding among Indians and Alaska Natives. Without separate funding, Indian tribes have no way of knowing whether Federal support for self-determination contracting is waning, increasing, or remaining the same.

Indian Health Facilities. The bill includes $50 million for Indian health facilities. This amount is but the tip of an iceberg since the bill includes only partial funding for several inpatient and outpatient projects estimated to cost an additional $151 million. In addition, the need for these facilities is dubious. Funding for these facilities has continued to increase in recent years despite a 50 percent occupancy rate at IHS hospitals.

National Capital Arts and Cultural Affairs. The bill includes $5 million for general operating support on a non-competitive grant basis to Washington, D.C. arts and cultural organizations -- a duplication of existing Federal nationwide competitive grants.

Abandoned Mine Land (AML) Fund. The Administration objects to adding $42 million to the Abandoned Mine Land Reclamation Fund. Such an add-on is unnecessary because it will only increase the projected AML unobligated balance, which is expected to exceed $350 million by the end of FY 1988.

Strategic Petroleum Reserve. The Administration believes it is unnecessary and premature to add $1 million for the Strategic Petroleum Reserve (SPR) to initiate a review, evaluation, and site selection for additional facilities that would provide a 1 billion barrel capacity for the reserve. The study is unnecessary because recent analyses by the Department have shown that the benefits of adding additional increments to the SPR may not justify the significant costs (at least $5 billion). It is premature to add the funds because the current planned capacity of 750 million barrels will not be reached until FY 1992. The Administration periodically reviews market conditions to update its assessment of the need for additional capacity and can continue to do so with existing funds.

II. LANGUAGE PROVISIONS

Compliance with Non-Statutory Statements. Section 322 purports to require OMB and the agencies to comply with non-statutory statements issued by the managers of conference committees. This provision restricts the President's ability to execute the actual statutory language of appropriations legislation as concurred in by each House of Congress, presented to the President, and enacted into law. The "instructions and the specific allocations and earmarking of funds contained in the joint statement of managers" are neither voted on by Congress, nor presented to the President.

We thus believe that, to the extent it purports to make non-statutory "instructions" binding on the Executive Branch, Section 322 attempts to bypass the "express procedures of the Constitution's prescription for legislative action: passage by a majority of both Houses and presentment to the President." (INS v. Chadha, 462 U.S. 919, 958 (1983).) This departs from the intended constitutional design. The non-statutory "instructions" may or may not be carefully considered by a majority of the members of both Houses, and may or may not even be consistent with the law as actually signed. If Congress wishes to provide for the enactment of the managers' "instructions," it may quite properly do so consistent with the Constitution by incorporating them in legislation voted by each House and presented to the President.

Moratoria on Outer Continental Shelf (OCS) Leasing. The Administration objects to language excluding areas of the North Atlantic (section 112), California (section 111), and Florida (section 110) from the offshore leasing program. These moratoria contradict the statutory mandate of the OCS Lands Act designed to expedite exploration and production consistent with proper balancing of environmental and other concerns. They override the process of scientific studies and balancing analysis required by sections 18 and 19 of the OCS Lands Act. The Interior Department current estimate is that the moratoria would reduce anticipated FY 1989 receipts by $155 million -- $125 million from California leases and another $30 million from Florida and the North Atlantic leases.

In addition, the proposed moratoria language may increase the potential liability of the U.S. by preventing the Secretary from approving plans or activities on existing leases off the Florida coast south of 26 degrees North

latitude. This potential liability may not be limited to the millions of dollars in expenditures incurred to date by the companies holding these leases.

Language that accelerates OCS sale No. 95 in Southern California is also objectionable because it undermines the purposes of the OCS Lands Act (like moratoria) and uses questionable procedures (such as avoiding full environmental studies) that appear to be contrary to the Act. Further, moving receipts from FY 1990 to FY 1989 only exacerbates the FY 1990 deficit. It does nothing to address Congressional concerns and to ensure that areas under moratoria are eventually offered for leasing consistent with OCS legal and environmental requirements.

Privatization of Helium Operations. The Administration has serious concerns about the policy implications of language that prohibits the Bureau of Mines from proceeding with the sale of Federal helium operations. The Bureau is currently reviewing the results of an independent study analyzing the issues relating to the valuation and potential disposition of the helium processing and distribution operations. Generally, we have found nothing in the study to indicate that the privatization initiative should not proceed. However, the study raises certain issues concerning transition and specialized needs of Federal agencies that need to be addressed. The Bureau is continuing its review and has formally solicited public comment on the consultant's report and other relevant issues. Where feasible, and consistent with the President's privatization initiative, the production of such goods and services should be shifted to the private sector in order to reduce Federal expenditures and take advantage of the efficiencies that normally result when services are provided through the competitive marketplace.

SPR Petroleum Account/Naval Petroleum Reserve. The Administration urges the Congress to support fiscally responsible efforts to upgrade our emergency preparedness assets and to improve the Nation's ability to deal with potential turbulence in world oil markets through enactment of legislation to authorize the sale of the Naval Petroleum Reserve (NPR). The proceeds of this sale should be earmarked for the acquisition of oil for a 10 million barrel Defense Petroleum Inventory (DPI) and for increasing the fill rate of the Strategic Petroleum Reserve (SPR) to an average rate of 100,000 barrels per day. As many members of Congress have pointed out, now is the time to increase the fill rate of the SPR since oil prices are relatively low. Now is also the time to build the DPI since the NPRs are becoming less adequate for this purpose.

SPR Petroleum Account. The Administration strongly opposes the Committee's action to reduce FY 1989 budget authority and to provide an advance appropriation for FY 1990. Any FY 1989 orders, regardless of the time of delivery, must be made within available funds. Delaying the obligation of these funds until October 1, 1989 might delay the deliveries. Further the reduced FY 1989 appropriation inhibits the flexibility of the Department to respond to changes in oil prices. It sets a bad precedent to change financing to meet budget targets rather than reducing unnecessary programs.

Federal Tort Claims. By continuing Federal tort claims coverage to Indian Health Service tribal contractors, the bill continues the unacceptable practice of maintaining a special class of government contractors effectively immune from responsibility for their tortiously liable conduct. The Administration's position on this proposal is stated in a Justice Department letter to Senate Appropriations Committee Chairman Stennis dated September 21, 1987.

Spouse Travel. The Administration requests that the Senate approve substitute language on reimbursement of travel expenses for spouses who accompany prospective Indian Health Service physicians for pre-employment interviews. Under current law, payment of spouse travel for pre-employment interviews of prospective Federal employees is not authorized for any agency except IHS. However, because of the unique conditions of employment faced by PHS physicans employed at remote Indian reservations or traditional Indian lands, a narrowly drawn exception to current law can be accepted. The substitute language would permit spouse travel reimbursement, as determined by the Department of Health and Human Services, only where the pre-employment interview concerns possible employment at remote Indian sites that are not within reasonable commuting distance of a town or city. Thus, spouse travel would not be reimbursed if the pre-employment interview concerns employment near large and medium sized communities.

Legislative Vetoes. The Administration objects strongly to language in the bill purporting to prohibit the Executive Branch from taking certain actions without prior approval of the Appropriations Committees. Such restrictions breach constitutional requirements as enunciated by the Supreme Court in INS v. Chadha. Most objectionable is an administrative provision that would prevent the National Park Service from reprogramming funds (unless approved in advance by the Appropriations Committees) "to maintain law and order in emergency and

other unforseen law enforcement situations and conduct emergency search and rescue operations in the National Park System." This provision is contrary to legal duties to enforce the law and to preserve life and property.

Impediments to Proper Management. Several provisions in the bill impede the ability of the Executive Branch to manage programs properly and effectively. Examples of such intrusions into Executive Branch responsibilities include prohibitions on changing regional boundaries and office locations of the Forest Service as well as the closing or consolidating of Bureau of Mines research facilities (even though there are no current plans to do so), and implementing proposed eligibility regulations of the Indian Health Service.

A prohibition on taking any action to adjust the National Park Police pay to competitive levels interfers with existing statutory responsibilities of the Office of Personnel Management. It also would prohibit the Department of the Interior from using funds to follow guidance in the report to "consult with the Committee prior to seeking additional special pay treatment for Park Police."

The Administration objects to new language concerning Federal management of Federally owned wildlife refuges. State management of Federally owned lands is authorized and is being practiced in accordance with the Fish and Wildlife Act of 1956 and the National Wildlife Refuge System Act of 1966. To constrain this practice is potentially inefficient and inconsistent with our experience in managing under these Acts. Since any management by States must, under current law, conform to Federal standards, we ask that the language be deleted.

The Administration objects to language for the National Endowment for the Arts that would intrude into the agency's grant-making process. The language would limit the Endowment's ability to assure an orderly and accountable grantmaking process and intervene in an issue that has long since been settled in a context that fully involved artistic peers, the National Council on the Arts and the Chairman.

Bureau of Indian Affairs. The Administration continues to support requested language to implement the tribal self-government demonstration project. Although Congress is working on separate authorizing legislation to implement the demonstration project, there is no assurance that such legislation will be enacted before FY 1989. The

Administration objects to language prohibiting the publishing of higher education regulations required to implement needed program reforms and update provisions included in current law.

The Administration objects to language that would prohibit the closure of Phoenix Indian School until passage of authorizing legislation. It is costly and inefficient to operate a huge 500-student boarding facility with only about 75 students. Furthermore, once legislation passes, it would be highly unfair to these students to move them in the middle of a school year rather than to place them before the 1988-89 school year starts.

The Administration objects to language that would distribute about $1 million to six Indian tribes that recently took possession of the Chilocco School Reserve in Oklahoma from the U.S. This amount represents leases and royalties generated by the Reserve while it was Federally owned and administered. Distributing these funds, which have already been deposited in the Treasury and used to reduce the Federal deficit, would set a bad precedent for future land transfers to Indian tribes or any other entities.

Bikini Resettlement Trust Fund. The Administration objects to the inclusion of language providing $5 million to the Bikini resettlement trust fund with the balance of $85 million provided over the next five years. It is inappropriate to provide funds for the resolution of the Bikini resettlement until appropriate documentation and analysis of costs and legal obligations associated with the resettlement have been determined.

Bureau of Land Management (BLM) Recordation and Filing Fees. The Administration objects to the earmarking of BLM recordation and filing fees for claims processing, compliance, enforcement and reclamation involving mining of hard-rock minerals. While increased funding for these activities appears justified, this should be provided directly via the appropriations process and subject to the scrutiny provided other activities. Any fees (such as the increased fees currently under review) should be credited to the General Fund of the Treasury, as is the case under current law.

Timber Receipts. The Administration objects to language appropriating for FY 1989 National Forest Fund timber receipts received by the Treasury during FY 1988 in excess of the National Forest Fund timber receipts contained in the President's Budget proposal for FY 1989. The language would change the existing statutory distribution of the

National Forest Fund receipts. Funding would be earmarked for operating program expansion, thereby increasing outlays to the detriment of the General Fund of the Treasury.

Conveyance of Land. The Administration opposes language that would convey without compensation an existing Forest Service research facility to Arizona State University in Tempe, Arizona. Further, moving the laboratory will cost over $5.6 million and be disruptive to the research program.

Restoring Hetch Hetchy Valley. The Administration opposes the bill language that prohibits the use of funds to study the idea of restoring the Hetch Hetchy Valley in the Yosemite National Park (CA). Carrying out such a study is the only way to find out if it is economically and environmentally feasible to restore this valley to its original state of outstanding natural beauty.

Employment Ceilings. Section 310 of the bill appears to exempt programs funded by the bill from employment ceilings. The Administration opposes this provision because it prevents effective and efficient management of agency programs and promotes wasteful spending.

Required Supplementals. Sections 101 and 102 of the bill require that supplementals "must be requested" to replenish funds transferred to cover emergencies. To the extent that these provisions purport to require the President to propose legislation seeking supplementals, they are inconsistent with the President's constitutional and statutory authority to propose legislation. The President retains discretion on whether and when to request supplemental appropriations.

Employee Details. Section 109 of the bill is superfluous language included to prevent detailing of employees except as provided by Office of Personnel Management regulations.

STATEMENT OF ADMINISTRATION POLICY

September 22, 1988
(House)

H.R. 4986 - Student Default Initiative Act of 1988
Williams (D) MT and 11 others

The Administration fully supports the basic goal of reducing costly student loan defaults, but opposes House passage of H.R. 4986 in its current form.

The President's senior advisers will recommend that the President veto the bill unless it is amended to delete the provision that would (1) eliminate the Secretary of Education's authority to reduce Pell Grant awards when there are insufficient funds to pay for the program costs, and (2) require the Secretary to borrow from the next year's appropriation to fund the current year's awards. This provision would mark a return to the situation, which the Administration and Congress have long since agreed to reject, that led to the accumulation of hundreds of millions of dollars in unfunded shortfalls.

The Administration also objects to other provisions of H.R. 4986, and especially urges deletion of the provision barring the Secretary from use of the authority to limit, suspend, or terminate an institution's participation in the Guaranteed Student Loan program solely because of the institution's excessive default rate.

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STATEMENT OF ADMINISTRATION POLICY

(Revised - LA)

September 20, 1988
(House)

H.R. 5056 - Agricultural Research Act of 1988
(de la Garza (D) TX and 7 others)

If H.R. 5056 were presented to the President, the Secretary of Agriculture and the Director of the Office of Management and Budget would recommend that he veto the bill. H.R. 5056 is a collection of unnecessary, expensive and duplicative proposals that would add substantially to the cost and bureaucracy of current agricultural research programs, without producing results which can already be obtained more efficiently under existing authority.

Specifically, the Administration opposes H.R. 5056 because the bill would:

-- Establish a new National Institute for Alternative Products, including a board, staff, revolving fund, and Agricultural Research Commercialization Corporation to provide loans and grants for research, development, and commercialization of new industrial materials made from agricultural commodities. The Department of Agriculture strongly supports development of new uses for farm and forest products, and is conducting research and development programs without the cumbersome and expensive bureaucratic structure included in H.R. 5056.

   Commercialization of agricultural research is primarily the responsibility of the private sector. In developing new products for the marketplace, the Department can -- and does -- cooperate with the private sector using existing authorities, such as the Technology Transfer Act.

-- Establish an Agricultural Weather and Climatology Office, within the Department of Agriculture, to establish a National Agricultural Weather Information System. This $10 million program would duplicate efforts of the National Weather Service, which should retain sole Federal responsibility for such programs.

-- Authorize a number of other redundant or unnecessary programs, such as a Groundwater Policy Coordination Office. The establishment of a permanent policy-level office removes the authority of the Secretary to administer the Department in the manner he deems most efficient and effective.

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STATEMENT OF ADMINISTRATION POLICY

July 27, 1988
(House)

H.R. 5026 - DIRE EMERGENCY SUPPLEMENTAL APPROPRIATIONS BILL, FISCAL YEAR 1988

The Administration strongly opposes the enactment of this bill.

As an integral part of the battle to reduce the Federal deficit, the Bipartisan Budget Agreement provided that neither the President nor the Congress would initiate supplemental appropriations except in case of a dire emergency. A unilateral declaration of a "dire emergency" is not consistent with the spirit of the Agreement, which emphasized Executive-Legislative consultation and cooperation. To the extent that any funding emergency can be said to exist, Congress has created it by its failure to act in a timely fashion on funding requests submitted by the Administration over four months ago.

The Administration supports replacement of prison facilities destroyed during the Mariel Cubans' prison riots and has proposed appropriate transfers from existing Department of Justice resources to fund it. The Administration cannot support funding these items with new budget authority -- that is, without offsetting transfers -- as H.R. 5026 provides. The bill also provides $50 million for State Employment Services, which is not an emergency need, and provides no offset for this funding.

The Administration opposes the addition of $24 million in FY 1988 to the U.S. Emergency Refugee Migration and Assistance Fund including the earmark of $6 million for Soviet and Eastern European refugee admission. While the humanitarian intent of the add-on is understandable, the effect of this action, together with current FY 1989 appropriation action, will be to increase outlays in FY 1989 above the ceiling set for the international affairs function in the Bipartisan Budget Agreement (BBA). In addition, funding for these ongoing assistance and resettlement programs is more appropriately provided through the migration and refugee assistance account which is specifically authorized to carry out such activities.

The Administration urges the Congress to identify appropriate offsets to ensure compliance with the Bipartisan Budget Agreement and essential supplemental funding for programs such as the Coast Guard's drug enforcement activities.

Unless the bill provides appropriate offsets, the Director of the Office of Management and Budget could not recommend that the President approve the bill.

H.R. 5026 - EMERGENCY SUPPLEMENTAL, FY 1988
OBJECTIONABLE PROVISIONS

-- Department of Labor, Employment Service. The additional $50 million for State Employment Services is neither a dire emergency nor an emergency need. States have been planning all year to operate at the $723 million level provided in the FY 1988 appropriation. The $50 million increase, which more than restores the reduction the Congress took in December to reach the FY 1988 Bipartisan Budget Agreement level, is provided without offsets. The House is urged to delete this provision as it is not programmatically necessary and not an emergency.

-- Department of Justice, Community Relations Service, Support of Prisoners, Federal Prison System, and Buildings and Facilities. The President requested funding for these programs through deficit-neutral transfers. The bill provides new budget authority without any offsets, thus violating the Bipartisan Budget Agreement. The Committee is urged to adopt the Administration's proposed offsets.

-- Coast Guard, Operating Expenses. The use of $10 million of Panama Canal Commission unobligated balances to offset the Coast Guard supplemental is objectionable. These balances are no longer available for transfer because they have been used to cover the obligation of accrued leave liability, an obligational requirement inadvertently omitted from the 1989 Budget. Furthermore, the concept of using Canal revenues for non-Canal purposes sets a very bad precedent for the Republic of Panama when it assumes the Canal in the year 2000. The Committee is urged to adopt the Administration's proposed offsets in lieu of this transfer.

-- Department of Agriculture, Agricultural Stabilization and Conservation Service (ASCS). The bill provides an additional $45 million to fund work load requirements resulting from the drought, without providing for an offset. The Committee is urged to identify an offset from discretionary appropriations.

-- Department of Agriculture, Soil Conservation Service (SCS). The Administration strongly opposes language authorizing a transfer of $10 million from the Farmers Home Administration to the SCS Emergency Watershed Protection account because it attempts to provide preferential rights for emergency flood assistance to certain States. The Committee is urged to delete this provision.

-- U.S. Emergency Refugee Migration and Assistance Fund. The Administration opposes the addition of $24 million in FY 1988 to the U.S. Emergency Refugee Migration and Assistance Fund including the earmark of $6 million for Soviet and Eastern European refugee admission. While the humanitarian intent of

the add-on is understandable, the effect of this action, together with current FY 1989 appropriation action, will be to increase outlays in FY 1989 above the ceiling set for the international affairs function in the Bipartisan Budget Agreement (BBA). In addition, funding for these ongoing assistance and resettlement programs is more appropriately provided through the migration and refugee assistance account which is specifically authorized to carry out such activities.

STATEMENT OF ADMINISTRATION POLICY

(Revised - LA)

August 3, 1988
(House)

H.R. 5110 - Omnibus McKinney Homeless Assistance Act of 1988
(Foley (D) WA)

The Administration supports reauthorization for FY 1989 of the McKinney Act's Emergency Food and Shelter and Transitional Housing Demonstration programs, because they address special needs and do not overlap or duplicate numerous existing Federal programs providing resources for the homeless.

Nevertheless, the President's senior advisers would recommend that he veto the bill if it continues to include the provisions that are called "technical and conforming" but which, in fact, make significant and costly policy changes in housing programs. These provisions violate agreements negotiated with the Administration during consideration of the Housing and Community Development Act of 1987 and would add directly to Federal budget outlays even without appropriation action.

The most objectionable of these provisions would:

-- preclude the use of housing vouchers for existing Section 8 loan management cases, which reduces available budget resources so that 250,000 fewer very low-income families receive vouchers or other housing assistance, and eliminates flexibility by attaching a subsidy eventually to all of the roughly 500,000 units in this privately-owned inventory, adding to housing costs by $6.3 billion over the next 5 years;

-- require HUD to expand greatly the number of multifamily housing projects for which HUD must provide financial assistance when the project is foreclosed, at a cost of over $1 billion to the Federal Government;

-- require HUD to rescind commitments to sell HUD-owned multifamily housing projects and even rescind multifamily property sales that have already closed, at great cost and disruption to both the Federal Government and purchasers of projects;

-- require HUD to raise rents unnecessarily in certain Section 8 projects above comparable private sector rent levels at a cost of nearly $11 million per year in backdoor spending; and

-- allow State housing finance agencies to keep, rather than return to the U.S. Treasury, excess Section 8 monies that become available when projects are refinanced.

The Administration also opposes the bill's amendments to the Aid to Families with Dependent Children (AFDC) and Emergency Assistance programs. They will allow States to tap open-ended public assistance funds for the cost of running housing programs and will inappropriately use AFDC funds for operational costs and debt service of shelter facilities.

In addition, the Administration opposes reauthorization of those McKinney Act programs that continue Federal categorical programs with complex and differing requirements, because these programs do not effectively address the needs of the homeless.

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STATEMENT OF ADMINISTRATION POLICY

(Revised - LA 9/30/88)

September 30, 1988
(House)

H.R. 5203 - Quinault Indian Trust Lands
(Swift (D) Washington)

The Administration opposes enactment of H.R. 5203, under which the Quinault Tribe would be gratuitously awarded land and timber receipts to which the courts have already determined they have no rightful claim. The bill would establish an undesirable precedent that could lead to the reopening of countless other Indian claims.

If H.R. 5203 were presented to the President, the Secretary of Agriculture, the Secretary of the Interior, the Director of the Office of Management and Budget, and the Attorney General would recommend that the bill be vetoed.

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STATEMENT OF ADMINISTRATION POLICY

September 22, 1988
(House)

H.R. 5247 - Water Resources Development Act of 1988
(Anderson (D) CA, Nowak (D) NY, Hammerschmidt (R) AR, and Stangeland (R) MN)

The Administration strongly supports reestablishment of biennial authorization bills for Army Corps of Engineers water projects to help ensure the continued credibility and vitality of the Army Corps of Engineers Civil Works program. The key to this program, however, is the overriding need to preserve the cost-sharing reforms of the landmark Water Resources Development Act of 1986, P.L. 99-662, and to limit Federal spending to only economically-justified projects for which there is a clear Federal responsibility. H.R. 5247, to the contrary, would erode the cost-sharing reforms of P.L. 99-662; authorize numerous low-priority, special-interest provisions; and circumvent the Administration's established policy and planning review process.

Accordingly if H.R. 5247 were presented to the President in its current form, the Director of the Office of Management and Budget would recommend that it be vetoed.

The Administration's strong objection to H.R. 5247 is based on the bill's inclusion of provisions that would:

-- erode the cost-sharing principles of P.L. 99-662 by (1) reducing the non-Federal cost share for municipal and industrial water supply at certain projects; (2) authorizing the use of Federal dollars to pay a project's non-Federal cost share; and (3) the use of language that does not clearly state that cost-sharing provisions of P.L. 99-662 apply to all projects authorized in H.R. 5247;

-- fail to limit the number and cumulative cost of project authorizations;

-- authorize low-priority, special-interest projects opposed by the Administration; and

-- violate the concept of and need for biennial project authorizations by authorizing or conditionally authorizing numerous projects, for which (1) economic and environmental feasibility have not been demonstrated, and (2) the Executive branch policy and planning review process has not been completed.

The Administration also objects to the bill because it lacks provisions that would provide for: (1) the Construction Productivity Advancement Research (CPAR) program, (2) increased recreation user fees, (3) technical assistance to private firms, and (4) the transfer of funds for intensified mitigation.

STATEMENT OF ADMINISTRATION POLICY

October 7, 1988
(Senate)

H.R. 5319 - Pay Increases for Members of the Secret Service Uniformed Division and the U.S. Park Police
Ackerman (D) NY and five others

The Administration is opposed to enactment of H.R. 5319, which would establish an automatic pay adjustment process for members of the U.S. Park Police and the Secret Service Uniformed Division, insulating their pay from Congressional and administrative determinations of the pay raises that apply to other Federal employees. These two police groups have already received pay raises of more than 14 percent in the last year. If H.R. 5319 should reach the President's desk, his senior advisers would recommend that he veto the bill.

Under current law, U.S. Park Police and the Secret Service Uniformed Division are assured the same pay raises that apply to other Federal employees. Moreover, they may receive even larger raises if necessary to recruit and retain employees; indeed, these two groups did receive greater pay increases this year than other employees under the current statutory authority. Legislation such as H.R. 5319 is both inequitable and unnecessary.

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STATEMENT OF ADMINISTRATION POLICY

October 3, 1988
(House Rules)

H.R. 5410 - Foreign Investment Disclosure Act of 1988
(Bryant (D) Texas and 22 others)

If H.R. 5410 were presented to the President, his senior advisers would recommend that he veto it.

The provisions in H.R. 5410 which mandate registration and disclosure of foreign investment are potentially destructive to investment and will produce little or no useful information not already collected. Discriminatory treatment of foreign investors would discourage investment in America, raise investment costs through burdensome and intrusive reporting and public disclosure requirements, and inappropriately subject foreign investors to the risk of civil and criminal penalties. H.R. 5410 would make capital more costly in the United States, cutting into economic growth and new jobs.

Vital business could be pushed offshore by H.R. 5410 at the very time America is fighting to maintain its competitiveness. In summary, H.R. 5410 would result in America abandoning its open capital markets which have been used to its advantage for over 200 years to build the economy.

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STATEMENT OF ADMINISTRATION POLICY

October 12, 1988
(Senate)

H.R. 5452 - Extension of Commission on Merchant Marine and Defense
(Jones (D) North Carolina and 2 others)

The Administration opposes enactment of H.R. 5452. Current law (which provides for a termination date as late as March 5, 1989) provides ample time for the Commission to complete its work.

Moreover, H.R. 5452 would require the Commission to draft and submit a report to Congress "without prior approval or review by any official of the executive branch." This provision unconstitutionally intrudes upon the President's authority, and the Attorney General would recommend that the President disapprove H.R. 5452 if it were presented to him with this provision.

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STATEMENT OF ADMINISTRATION POLICY

February 11, 1988
(Senate)

S. 79 - High Risk Occupational Hazard Notification and Prevention Act
(Metzenbaum (D) OH and 35 others)

The Administration opposes S. 79, which would unnecessarily duplicate current Federal efforts regarding the evaluation and notification of workers of hazards in the workplace. S. 79 is likely to result in substantial litigation and in massive Federal and private sector tort liability. This legislation would impose enormous costs on employers, consumers, workers, and the Federal Government. If S. 79 were presented to the President, the President's senior advisors would recommend disapproval.

However, if Congress believes legislation in this area is necessary, the Administration could accept a substitute that would emphasize prevention of disease, build on existing Federal programs, and avoid many of the litigation and liability implications, as well as practical difficulties, inherent in the broad individual risk notification approach envisioned in S. 79. This approach was incorporated in H.R. 3566, the alternative proposed by Representatives Jeffords and Henry.

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STATEMENT OF ADMINISTRATION POLICY

February 25, 1988
(House)

S. 90 - Big Cypress National Preserve Expansion
(Senators Chiles (D) and Graham (D) Florida)

The Administration opposes enactment of S. 90 as ordered reported by the House Committee on Interior and Insular Affairs, unless it is amended to authorize Federal land acquisition only by means of land exchange as proposed by the Department of the Interior. Unless the bill is so amended, the President's senior advisors would recommend that it be vetoed.

Accordingly, the Administration urges that S. 90 not be considered under suspension of the rules, but that it be amended to incorporate Interior's land exchange proposal, which would eliminate the bill's land acquisition costs of some $40 to $60 million.

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STATEMENT OF ADMINISTRATION POLICY

April 15, 1988
(Senate)

S. 237 (March 17, 1988 Substitute) - Integrity in Post Employment Act
(Thurmond (R) SC and three others)

The Administration opposes enactment of the substitute for S. 237 that was introduced on March 17, 1988, intended to be offered on the Senate floor. If this substitute were to reach the President's desk in its present form, his senior advisers would recommend that it be vetoed.

The March 17, 1988, substitute is objectionable because it imposes sweeping restrictions on post-employment activity of former Members of Congress, Federal judges, and executive and legislative branch employees that:

-- are arbitrary because they are generally divorced from the former employees' duties and responsibilities during Federal service;

-- are unnecessary to correct any actual abuses involving representation of either foreign or domestic entities;

-- will permanently impair the Government's ability to attract and retain high quality individuals for the public service; and

-- will prevent former employees from legitimate and perfectly proper efforts to earn a living after leaving Government service.

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STATEMENT OF ADMINISTRATION POLICY

(REVISED)

June 21, 1988
(Senate)

S. 430 - The Retail Competition Enforcement Act
(Metzenbaum (D) Ohio and 24 others)

The administration opposes S. 430 and, if it were presented to the President for signature, the Department of Justice would recommend that it be vetoed.

S. 430 is objectionable because it would, for the first time, preclude the courts from determining what type of business arrangements are unreasonable under the antitrust laws. The bill would also unnecessarily change existing law concerning the burden of proof necessary to establish the existence of resale price maintenance agreements between manufacturers and customers. In addition, the bill would confuse and harm the developing law of conspiracy by permitting the courts to infer the existence of an unlawful agreement even in the absence of any evidence that such an agreement existed. Finally, the Supreme Court has recently considered and decided these issues.

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STATEMENT OF ADMINISTRATION POLICY

April 19, 1988
(Senate)

S. 492 - Building and Construction Industry Labor Law (Double-Breasting) Amendments of 1987
(Kennedy (D) MA and 16 others)

The Administration opposes S. 492 and, if it were presented to the President, the President's senior advisers would recommend disapproval.

S. 492 would require the application of the terms and conditions of a collective bargaining agreement covering the employees of one construction business entity of a single employer to the employees of other construction business entities of that single employer. This so-called "double-breasting" provision would in effect deprive the employees of their right to decide whether they want to be represented by a union, and if so, to select the union of their choice.

The bill is also objectionable because it contains a provision relating to pre-hire agreements that would apply the agreement and union representation to employees without allowing them to seek an election during the term of the agreement. The provision would also require the employer to continue to bargain with the union after the termination of the pre-hire agreement even though the employees had never selected that union as their representative.

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STATEMENT OF ADMINISTRATION POLICY

(Revised)

June 16, 1988
(Senate)

S. 1323 - Tender Offer Disclosure and Fairness Act of 1987
(Proxmire (D) Wisconsin and 11 others)

The Administration opposes enactment of S. 1323 and, if it were presented to the President, the Chairman of the Council of Economic Advisers, the Attorney General, and the Director of the Office of Management and Budget would recommend that the bill be vetoed.

S. 1323 is objectionable, because it would significantly increase the cost of takeovers, reduce the benefits resulting from takeovers, and intrude into areas of corporate governance that should be left primarily to shareholders and to the States. Unsolicited corporate mergers and acquisitions improve efficiency, promote the productive use of scarce resources, and stimulate effective corporate management, benefits which would be diminished if S. 1323 were enacted. Particularly troublesome provisions of S. 1323 include:

- Provisions in sections 3 and 5 that would amend section 13(d) of the Securities Exchange Act of 1934. These amendments, which concern requirements to provide information on certain securities transactions, would make it significantly more difficult to undertake a successful tender offer (e.g., by increasing the cost of obtaining additional shares and by giving rise to new causes of action for defensive litigation). These additional reporting requirements, which are not confined to a simple reduction in the section 13(d) reporting "window," would, in effect, protect incumbent management, regardless of its performance, against unsolicited changes in corporate control.

- The provision in section 7 that would nearly double (i.e., increase from 20 business days to 35 business days) the minimum period for which a tender offer must be held open. The current minimum offering period provides ample time for incumbent management to evaluate offers and, if necessary, solicit other bids. Lengthening the minimum offering period would deter all types of takeovers, encourage defensive restructuring, and diminish the benefits of the market for corporate control.

- The provision in section 7 that would prohibit, except through a tender offer, the purchase of any securities that results in the acquiror owning more than 25 percent of the total shares of such securities. This restriction would significantly increase the costs to shareholders of certain activities (e.g., obtaining additional shares and forming joint ventures) unrelated to takeover efforts.

STATEMENT OF ADMINISTRATION POLICY

(Revised - LA 10/6/88)

October 6, 1988
(House)

S. 1081 - National Nutrition Monitoring and Related Research Act of 1988
(Bingaman (D) New Mexico and 32 others)

The Administration opposes enactment of S. 1081 because it is unnecessary and is potentially very harmful to the Government's comprehensive and well-coordinated National Nutrition Monitoring System which is currently being implemented jointly by the Departments of Agriculture (USDA) and Health and Human Services (HHS). If this legislation were passed by the Congress, both the Secretaries of Agriculture and HHS and the Director of the Office of Management and Budget would recommend its disapproval to the President.

S. 1081 would:

-- establish a National Nutrition Monitoring Advisory Council with members appointed by both the President and Congress, which appears to violate the requirements of the Appointments Clause of the Constitution and erodes the important structural separation of powers ordained by the Constitution.

-- require new grant programs, an interagency board, and expanded data collection which are unwarranted and serve only to detract from ongoing activities, and are potentially costly.

-- duplicate existing activities being accomplished under current law by the National Nutrition Monitoring System, managed jointly by USDA and HHS; and

-- establish a management structure and mandate reporting requirements which would be unnecessarily complex and burdensome, causing delays in the Departments' meeting their monitoring goals.

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STATEMENT OF ADMINISTRATION POLICY

(Revised - LA)

August 9, 1988
(House Rules)

S. 795 - San Luis Rey Indian Water Settlement
(Cranston (D) and Wilson (R) California)

If S. 795 were presented to the President in its current form, the Secretary of the Interior, the Attorney General, and the Director of the Office of Management and Budget would recommend that it be vetoed. S. 795, which would require a $60 million Federal contribution to achieve a water rights settlement between five bands of California Mission Indians and local non-Indian entities, greatly exceeds any potential Federal liability that would result from a judicial settlement of this dispute. Furthermore, S. 795 is unacceptable because it would require the Secretary of the Interior to pay damages for failure to deliver water to the bands, notwithstanding circumstances such as drought which are beyond the Secretary's control.

The Administration supported S. 795 as passed by the Senate. However, during House Interior Committee consideration of the bill, concerns were raised about the use of Central Valley Project water as a source of water for the Indians. The Department of the Interior has subsequently proposed a settlement whereby non-Indian interests could line the All-American Canal, with use of some of the resulting salvaged Colorado River water accruing to the benefit of the Indians. We recommend that the Committee adopt a rule to allow amendment of S. 795 on the floor to incorporate the amendments provided to House Interior and Insular Affairs Chairman Udall by the Department of the Interior on July 27, 1988.

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STATEMENT OF ADMINISTRATION POLICY

May 18, 1988
(Senate)

S. 612 - "Warner Amendment" Repeal
(Simon (D) Illinois, Cranston (D) California,
Warner (R) Virginia, and DeConcini (D) Arizona)

The Administration opposes enactment of S. 612 which would repeal Section 1631 of the Defense Authorization Act of 1985 (P.L. 98-525). This repeal would jeopardize the relationship between the Department of Energy and its nuclear weapons testing program contractors -- a relationship which is essential to our national security -- by permitting otherwise impermissible lawsuits against such contractors.

The Administration strongly supports retention of Section 1631, which substitutes the United States as the defendant in suits against Energy Department contractors arising out of the nuclear weapons testing program. Only the Federal Government sets the policies and controls the activities of the nuclear weapons testing program, and consequently suits arising from that program should be filed only against the United States under the Federal Tort Claims Act.

If S. 612 were presented to the President, the Department of Energy would recommend that it be disapproved.

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STATEMENT OF ADMINISTRATION POLICY

February 12, 1988
(Senate)

S. 675 - Endangered Species Act Reauthorization
(Senator Mitchell (D) Maine and 14 others)

The Administration supports reauthorization of the Endangered Species Act, and has submitted a proposal to accomplish this. Because of numerous objectionable features, however, the Administration must oppose enactment of S. 675 because it would:

-- Create in Section 5 a "cooperative endangered species conservation fund," into which considerable sums from the Treasury would be deposited annually (beginning with about $16 million in 1989) to be available without appropriation for State endangered species conservation programs. Unless Section 5 is deleted, the President's senior advisors would recommend that he veto the bill;

-- Authorize appropriations that substantially exceed the levels contemplated under the Bipartisan Budget Agreement;

-- Expand in Section 7(c) the earmarking of receipts from civil and criminal penalties for violations of the Act, to be used for implementation of endangered species recovery plans; and

-- Require Interior and Commerce to develop and implement recovery plans for species listed as endangered or threatened, explicitly "without regard to taxonomic classification" of the species involved, which would unduly restrict the Departments' ability to allocate resources to the highest priorities.

The earmarking and permanent appropriation features of Sections 5 and 7(c) of S. 675 are inconsistent with sound budgetary principles, removing the funded programs from normal competition for scarce Federal resources and disconnecting the level of funding from the relative need for such funds. Moreover, the Administration has proposed termination of the State grants program, which would be nearly quadrupled under Section 5 of S. 675 (from $4.3 million in 1988 to about $16 million next year), because it has accomplished its primary objective of promoting State involvement in the conservation of endangered species. Many States have initiated their own funding mechanisms for these programs. The Administration expects that no essential recovery program would be terminated from the loss of State grant funds.

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STATEMENT OF ADMINISTRATION POLICY

(Revised - LA)

July 26, 1988
(Senate)

S. 508 - Whistleblower Protection Act of 1987
(Levin (D) MI and seven others)

The Administration fully supports efforts to provide effective protection for Federal whistleblowers, but opposes enactment of S. 508 because it contains four highly objectionable provisions that distort the necessary balance between the need to protect whistleblowers and the Government's need to manage the workforce. If S. 508 were presented to the President with those provisions, the Attorney General, the Director of the Office of Personnel Management, the Director of the Office of Management and Budget, and the Special Counsel of the Merit Systems Protection Board would recommend that he veto the bill.

The Administration recommends deletion from the bill of the following provisions, which would:

-- permit anyone claiming to be a whistleblower to be absolutely protected from discipline or removal for wrongdoing or poor performance whether or not related to the whistleblowing event. This would immunize the alleged whistleblower from legitimate disciplinary action, in complete disregard of the intent the 1978 Civil Service Reform Act;

-- change the Office of Special Counsel (OSC) from a law enforcement agency responsible for protecting all employees to a legal services agency having essentially an attorney-client relationship with the small minority of employees (including former employees and job applicants), who file complaints. OSC would have to represent any complainant regardless of the merits of the case, the rights of other employees, or the effect on merit system principles, serving neither the interests of legitimate whistleblowers nor the public;

-- divide jurisdiction for appeals from Merit Systems Protection Board (MSPB) decisions by permitting persons who allege reprisal for whistleblowing to choose between their regional circuit or the Court of Appeals for the Federal Circuit, instead of ensuring uniformity in personnel law by having all such cases heard by the Court of Appeals. S. 508 would inevitably result in conflicting decisions among the circuits, ultimately requiring resolution by the Supreme Court of issues in which it should not need to become involved; and

-- substitute the MSPB for the employing agency as the named party in certain cases, thereby seriously undermining the litigating authority of the Attorney General. It is inappropriate for the Board, a quasi-judicial body, to participate in defending its decisions.

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- Section 10, which would make various changes to the Employee Retirement Income Security Act of 1974 affecting fidiciary standards that are unnecessary and confusing and that may jeopardize the interests of employee benefit plan participants.

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STATEMENT OF ADMINISTRATION POLICY

(Revised)

June 15, 1988
(Senate)

S. 549 - Textile and Apparel Trade Act of 1987
(Hollings (D) South Carolina and 49 others)

The President's senior advisers would recommend that he veto S. 549 if it is presented to him in its current form.

The bill would hurt consumers, provoke retaliation against U.S. exports, violate our international obligations, and undermine our efforts to obtain a more open trading system for U.S. exports.

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STATEMENT OF ADMINISTRATION POLICY

REVISION

April 14, 1988
(Senate)

S. 552 - Federal Compensation Equity ("Comparable Worth") Act
(Evans (R) WA and 24 others)

The Administration strongly supports the principle of equal pay for equal work as embodied in current law. Moreover, the Administration supports full enforcement of the current law and rejects attempts to undermine that principle. S. 552's plan to determine the existence of discrimination in Federal pay practices, however, is not based on the clear standards under title 5, United States Code, the Equal Pay Act, or title VII of the Civil Rights Act of 1964. It, instead, uses flawed methodologies with undefined and biased criteria for a study of differentials in pay between dissimilar Federal Government positions held predominantly by female and male employees, or disproportionately by any ethnic group or race. The composition of the mandated study commission designated by the bill to judge the results of the study would predispose the results.

The Administration, accordingly, opposes enactment of S. 552. If S. 552 were to reach the President's desk, his senior advisers would recommend that it be vetoed.

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STATEMENT OF ADMINISTRATION POLICY

February 2, 1988
(Senate)

S. 908 - Inspector General Act Amendments of 1987
(Glenn (D) Ohio and 14 others)

The Administration would not object to S. 908 if it is amended consistent with the understanding reached between the Senate Governmental Affairs Committee and the Department of the Treasury concerning the creation of statutory Inspectors General at the Department. Unless this amendment is adopted in its entirety, however, the President's senior advisers would recommend the disapproval of the bill.

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STATEMENT OF ADMINISTRATION POLICY

June 13, 1988
(Senate)

S. 1511 - Family Security Act of 1988
(Moynihan (D) NY and 61 others)

The President would veto S. 1511 if it were presented to him in its current form.

As reported out of the Senate Finance Committee, this bill is welfare expansion, not welfare reform. Both Administration and Congressional Budget Office estimates show that under this bill, more families would come onto the welfare rolls than would leave.

The President believes that welfare reform -- real reform -- is sorely needed. The bill would be acceptable if amendments were adopted to:

- require that those able to do so work and those of school age remain in school as a condition of receiving welfare.

- expand the Executive branch's authority to waive federal laws and regulations to allow States to carefully test innovative new ideas for increasing the economic self sufficiency of low income individuals and families while ensuring that the needs met by the programs being altered continue to be met.

Finally, the bill should encourage more recipient participation in provision of welfare services, particularly child care, so that funds spent on these services lead directly to reduced welfare dependency and the costs of new child care benefits do not spiral out of control.

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STATEMENT OF ADMINISTRATION POLICY

September 23, 1988
(House)

S. 1693 - Omnibus National Parks and Public Lands Act of 1988
(Bingaman (D) New Mexico and 8 others)

The President's senior advisers would recommend that he veto S. 1693 if it is presented to him in its current form. This legislation is a consolidation of 38 separate bills and represents a return to the unfortunate practice of combining objectionable and unrelated measures together with otherwise acceptable provisions in an attempt to gain acceptance of the bill. The Administration has opposed, or asked for amendments of, over 20 of the sections of S. 1693 when those proposals were separate bills. Administration objections were based on a number of grounds, including that certain of the proposals:

-- would prematurely establish new units of the National Park System that have not been subject to the normal review to determine their national significance. Many of the proposals appear to be of only local interest and their inclusion would be to the detriment of the entire Park System;

-- concern activities that should be carried out more appropriately by State or local governments;

-- would impair significantly the ability of Federal agencies to carry out their statutory responsibilities;

-- would authorize new land acquisition, construction, and operations activities costing approximately $100 million over the next several years, at a time when appropriations are extremely constrained to care adequately for existing national parks and public lands;

-- would transfer publicly-owned lands to private parties without consideration; and

-- in several cases, would violate the Appointments Clause of the Constitution or raise other serious constitutional concerns.

The Administration strongly recommends that Congress consider the numerous bills contained in S. 1693 separately, and that these bills be amended as recommended previously by the Administration.

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STATEMENT OF ADMINISTRATION POLICY

February 25, 1988
(Senate)

S. 1721 - Intelligence Oversight Act of 1987
(Sen. Cohen (R) Maine and seven others)

If S. 1721 is presented to the President, his senior advisors would recommend that it be vetoed because the bill raises a number of serious constitutional issues.

Specifically S. 1721 would:

-- unconstitutionally infringe on the foreign policy powers of the President by requiring him to report every "finding" approving a covert activity to the intelligence committees of Congress within 48 hours of the signing of that finding; and

-- seriously impinge on the President's ability to fulfill his constitutional duties in the field of foreign affairs by virtually eliminating the flexibility to determine the timing and substance of congressional notification due to the disclosure requirements in sections 502 and 503.

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STATEMENT OF ADMINISTRATION POLICY

September 28, 1988
(Senate)

S. 1792 - Appropriations Authorization for the Office of Environmental Quality
(Baucus (D) MT and Durenberger (R) MN)

The President's senior advisers would recommend disapproval of S. 1792 unless it is amended to delete section 106, which would extend the National Environmental Policy Act (NEPA) to Federal agencies' extraterritorial actions.

Section 106 would destroy the balance between our vital concern for the global environment and the efficient conduct of foreign policy, a balance already embodied in Executive Order 12114, which established requirements for environmental impact assessments for certain Federal extraterritorial actions. Section 106 would impede unnecessarily the work of agencies with international responsibilities, and impose onerous new requirements that would ultimately frustrate the successful conduct of our foreign policy.

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STATEMENT OF ADMINISTRATION POLICY

(Date)
(Senate)

S. 1882 - Consumer Product Safety Commission Authorization Act of 1987
(Gore (D) Tennessee)

The Administration opposes enactment of S. 1882. If this bill were to reach the President's desk, his senior advisers would recommend its disapproval.

S. 1882 fails to address the organizational difficulties of the Consumer Product Safety Commission (CPSC) by continuing the commission form of administration. The bill rejects the President's proposal to reorganize the CPSC from a multi-member commission to a single-administrator agency -- as recommended by the General Accounting Office and the National Academy of Public Adminstration -- and to transfer the agency from independent status to the Department of Health and Human Services. In addition, S. 1882 would circumvent current CPSC procedural safeguards by statutorily requiring CPSC to regulate All-Terrain Vehicles (ATVs) and ban the sale of lawn darts.

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STATEMENT OF ADMINISTRATION POLICY

(Revised - LA 3/24/88)

March 24, 1988
(Senate)

S. 2097 - Uranium Revitalization, Tailings Reclamation and Enrichment Act of 1987
(Senator Johnston (D) Louisiana)

The Administration recognizes the importance of achieving S. 2097's general goal of establishing a successful uranium enrichment industry, but due to its failure to transfer the uranium enrichment function to the private sector and to provide adequately for U.S. defense needs, the Administration strongly opposes the bill.

To achieve the necessary effectiveness and flexibility in operations, contracting, pricing, and financial decision-making, the Department of Energy's uranium enrichment enterprise must be operated as one or more businesses in the private sector, rather than as a governmental organization. In any case, it is important to preserve adequate stocks of uranium to meet national defense needs and to ensure that defense needs for enriched uranium are met at costs no greater than those charged to commercial entities.

The President's senior advisers would recommend that he veto S. 2097 in any form if it is presented to him containing restrictions that would discriminate against foreign uranium, because such restrictions:

-- are contrary to the U.S.-Canada Free Trade Agreement;

-- violate U.S. obligations under the General Agreement on Tariffs and Trade;

-- hinder U.S. access to important energy resources; and

-- are inconsistent with the fundamental U.S. policy of promoting free trade.

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STATEMENT OF ADMINISTRATION POLICY

(Revised - LA)

August 8, 1988
(Senate)

S. 2443 - Nuclear Regulation Reorganization Reform Act of 1988
(Breaux (D) Louisiana)

While the Administration supports the intent of S. 2443, to reorganize and streamline the Nuclear Regulatory Commission, the approach taken in S. 2443 raises serious concerns for the Administration. Accordingly, the Attorney General and the Director of the Office of Management and Budget would recommend disapproval of S. 2443 unless the bill is modified to accommodate the Administration's concerns.

First, the bill raises constitutional concerns involving the confidentiality of the Executive's deliberative process, the decision-making process within the Executive branch, and a funding-related legislative veto issue.

Second, the bill would impose statutorily inflexible deadlines for OMB review of the new agency's regulations, thereby inhibiting effective Executive branch internal management.

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STATEMENT OF ADMINISTRATION POLICY

September 22, 1988
(Senate)

S. 2449 - Postal Service Budgetary Treatment Act of 1988
(Pryor (D) Arkansas and 74 others)

The Administration is opposed to removing the U.S. Postal Service from the Federal Budget, and the President's senior advisers would recommend that he veto any bill presented for his signature which, like S. 2449, includes such a provision. The U.S. Postal Service is wholly-owned by the Federal Government, and its revenues, expenses, and liabilities are Federal revenues, expenses, and liabilities. Omitting the U.S. Postal Service from the Budget would therefore misrepresent the full range of the Federal Government's financial activity and the true extent of the Federal deficit.

The Administration is particularly concerned that removing the U.S. Postal Service from the Federal Budget would lead to further erosion of the integrity of the unified budget by encouraging other Federal entities to seek off-budget status. In this regard, the Administration would oppose any amendment to remove the Highway Trust Fund or the Airport and Airway Trust Fund from the Federal Budget. The Administration would also oppose any amendment to incorporate provisions of S. 1600 establishing an independent Federal Aviation Administration. The President's senior advisors would recommend that he veto any bill presented for his signature which includes any such provision.

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(Not to be Distributed Outside Executive Office of the President)

STATEMENT OF ADMINISTRATION POLICY

September 27, 1988
(Senate)

S. 2488 - Parental and Medical Leave Act of 1988
(Dodd (D) CT and 28 others)

The Administration supports and encourages parental and medical leave policies that meet the needs of individual companies and their employees. Employees and employers -- not the Federal Government -- are in the best position to judge their own needs.

Consistent with this belief, the Administration would support a proposal for parental leave which encourages employers and employees to agree on the leave policy best suited to them.

The American workforce is changing. Women, in particular, are becoming a larger part of the workforce. Employers increasingly recognize this and are making the necessary changes to their personnel policies. Thus far, employers and employees have chosen freely to establish a wide variety of benefit options tailored to their particular needs. Businesses spend approximately 40% of their payroll dollars on employee benefits. Of those expenditures, only 9% are the result of laws mandating benefits. The remaining 91% of expenditures are for benefits resulting from the free economic choices of employers and employees. What is required is for the Federal Government to further this wholesome trend and allow the private sector to make the needed accommodations.

The Administration would support a bill that promotes the adjustment of work/family conflicts by providing incentives to employers to provide leave to their employees during reasonable periods at the birth or adoption of a child.

The President's senior advisers would, however, recommend that he veto S. 2488 because its mandatory uniform leave policy:

-- eliminates the flexibility necessary to meet the needs of a changing workforce and undermines the current trend toward flexible benefit policies;

-- reduces overall employee benefits; employees might lose, for example, their company dental benefits coverage or company college tuition assistance if their company cannot afford to pay them and new parental and medical leave benefits;

-- restricts the freedom of employees and employers to choose leave policies to suit their particular need;

-- imposes all of the costs of parental leave mandatorily on employers regardless of their ability to absorb such costs - thus reducing their productivity and U.S. competitiveness;

-- devastates many small businesses because they cannot afford to have key employees absent for a substantial period of time;

-- discriminates against women; rather than encouraging employers to hire women, the bill encourages employers not to hire them;

-- creates new and costly federal bureaucracy to administer and enforce its requirements;

-- permits judicial proceedings in which employees, employers and the Secretary of Labor can sue each other in Federal Court based on allegations of non-compliance with the bill's requirements;

-- establishes a new program of medical and parental leave for Federal employees, who already benefit from one of the Nation's most generous leave and benefit packages; and

-- sets-up a new federal advisory commission to spend taxpayers' money, this one to last 2 years to study and report to Congress on parental and medical leave policies.

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STATEMENT OF ADMINISTRATION POLICY

July 7, 1988
(House)

S. 2527 - Mandatory Advance Notice of Plant Closings and Mass Layoffs
(Metzenbaum (D) Ohio and 23 others)

The Administration opposes S. 2527, or any legislation mandating that employers give advance notice of plant closings and/or mass layoffs. If any mandatory notice legislation is presented to the President, his senior advisers would recommend disapproval.

Mandatory notice legislation would seriously impair the ability of U.S. businesses to adjust to rapidly changing economic conditions and compete. This would hurt workers by causing the loss of jobs.

The Administration encourages companies to voluntarily give workers and communities as much advance warning as possible when a layoff or closing becomes necessary.

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STATEMENT OF ADMINISTRATION POLICY

(Revised)

July 14, 1988
(Senate)

S. 2560 - Hunger Prevention Act of 1988
(Leahy (D) VT)

The Administration opposes S. 2560 on budgetary and programmatic grounds and, if presented to the President, the Secretary of Agriculture and the Director of the Office of Management and Budget would recommend that he veto the bill.

The enactment of S. 2560 could be a contributing factor in triggering a Gramm-Rudman-Hollings sequestration order, since the Department of Agriculture (USDA) estimates that the bill would cost $388 million in FY 1989. Spending in the outyears would increase dramatically, to an estimated $634 million in FY 1990 and $667 million in FY 1991, which is contrary to the need to control future Federal deficits.

S. 2560 also contains various undesirable and unwise program amendments, the most objectionable of which would:

-- abandon the Thrifty Food Plan as the basis of Food Stamp program benefits, resulting in increased cost without improving nutritional intake;

-- mandate changes in the Food Stamp Employment and Training program that would result in fewer recipients receiving services and redirection of the program's emphasis away from proven cost-effective services;

-- liberalize the household definition in the Food Stamp program in a way that would invite fraud and abuse;

-- inappropriately require USDA to purchase $145 million worth of high protein commodities on the open market in each of FY's 1989 and 1990 for the Temporary Emergency Food Assistance program;

-- increase school breakfast reimbursement rates further above breakfast costs; and

-- expand upper and middle income Child Care Food program meal subsidies.

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STATEMENT OF ADMINISTRATION POLICY

October 7, 1988
(Senate)

S. 2570 - Local Rail Service Assistance Reauthorization
(Exon (D) Nebraska and 20 others)

The Administration opposes enactment of S. 2570, and the Secretary of Transportation and the Director of the Office of Management and Budget would recommend that it be vetoed if it were presented to the President. The Local Rail Service Assistance Program has already fulfilled the purpose for which it was created, and the authorization of additional appropriations is contrary to the need to reduce the deficit.

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STATEMENT OF ADMINISTRATION POLICY

August 4, 1988
(Senate)

S. 2662 - Textile and Apparel Trade Act of 1987
(Hollings (D) and Thurmond (D) South Carolina)

The President's senior advisers would recommend that he veto S. 2662, if it is presented to him.

The bill would hurt consumers, provoke retaliation against U.S. exports, violate our international obligations, and undermine our efforts to obtain a more open trading system for U.S. exports.

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STATEMENT OF ADMINISTRATION POLICY

(Revised - LA)

September 27, 1988
(Senate)

S. 2756 - Anti-Apartheid Act Amendments of 1988
(Cranston (D) California and 7 others)

If S. 2756 is presented to the President, his senior advisers would recommend that it be vetoed because the bill undermines the President's ability to conduct an effective foreign policy. The Administration remains unalterably opposed to apartheid and supports effective action -- rather than ineffective legislation like S. 2756 -- to eliminate it.

Serious negotiations are now bearing fruit, under United States auspices, to rid Angola and Namibia of all foreign forces and bring Namibia to independence under U.N. Security Council Resolution 435. Enactment of S. 2756 would jeopardize South Africa's continued participation in this promising diplomatic initiative and undercut the negotiations. Now is the worst time for Congress to consider such inappropriate legislation.

The bill would impede rather than advance the goal of promoting further change in South Africa. If the measures called for in S. 2756 are enacted, they would lead to increased unemployment of black South Africans and have a significant impact on the U.S. economy and American jobs without hastening the end of apartheid. The proposed legislation would cut off U.S. exports to South Africa worth $1.13 billion in 1987, and force American business to sell their nearly $1 billion of direct investment in South Africa at fire-sale prices. Moreover, the extraterritorial reach of the disinvestment requirement and of the multilateral measures to enforce sanctions would undermine our relations with our allies.

Finally, the Administration opposes country-specific restrictions on U.S. intelligence or military cooperation with any foreign country because they hamper the Executive's ability to respond quickly and effectively to changing circumstances and because they raise constitutional concerns.

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STATEMENT OF ADMINISTRATION POLICY

(Revised - LA)

September 27, 1988
(Senate)

S. 2757 - Miscellaneous International Affairs Authorization Act of 1988
(Pell (D) Rhode Island)

The Administration supports Titles I and II of S. 2757, relating to the Overseas Private Investment Corporation and the Board for International Broadcasting, but objects to the remaining titles. If S. 2757 is presented to the President in its current form, his senior advisers would recommend that he veto it because Title V of the bill would unconstitutionally:

-- interfere with the exercise of the President's authority to faithfully execute Federal criminal laws;

-- infringe upon the protections afforded internal Executive branch deliberations; and

-- restrict the President's authority to receive ambassadors and other public ministers.

The bill also is objectionable because it would:

-- extend the ill-advised Congressional policy that lowers the standards regulating movement of aliens across U.S. borders by making permanent the temporary prohibition against refusing permission to enter the U.S. based upon the alien applicant's past, current or expected statements, beliefs or associations; and

-- authorize a 45-hour workweek under an Au Pair program, which undermines the integrity of cultural exchange visas and opens a loophole for future requests for exceptions to U.S. laws governing work in the U.S. by aliens.

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STATEMENT OF ADMINISTRATION POLICY

(Revised)

June 3, 1988
(Senate)

S.J.Res. 305 - Persian Gulf Policy Act of 1988
(Adams (D) Washington)

The President's senior advisers would recommend that he veto S.J.Res. 305 if it is presented to him.

This Administration, like every previous Administration, believes that the War Powers Resolution constitutes an unconstitutional infringement on the President's authorities, specifically including his authority as Commander in Chief.

In addition, creating a deadline by which United States Armed Forces would have to cease convoying or escorting certain vessels, including vessels covered by the current program, would (1) encourage attacks on international shipping as soon as the United States withdraws; (2) reinforce claims that the United States is unreliable; and (3) undermine the positive contribution that the program has made to United States interests in the Gulf and worldwide.

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STATEMENT OF ADMINISTRATION POLICY

April 13, 1988
(Senate)

S.J.Res. 292 - Disapproving the certification by the President that the Bahamas have fully cooperated with U.S. anti-drug efforts
(Sen. Pell (D) Rhode Island)

The Administration opposes S.J.Res. 292 and, if it is presented to the President, his senior advisers would recommend a veto. On February 28, 1988, the President certified that certain major narcotics producing and/or major narcotics transit countries, including the Bahamas, have cooperated fully with the United States, or taken adequate steps on their own to control narcotics production, trafficking, and money laundering.

Disapproval of the President's certification would be seen as a hostile act, and could jeopardize one of the most cooperative drug interdiction efforts enjoyed by the United States anywhere in the world. In addition, decertification would result in requiring the United States to vote against the Bahamas for future loans requested from international development banks, which would inhibit economic growth and development of the Bahamas.

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STATEMENT OF ADMINISTRATION POLICY

April 13, 1988
(Senate)

S.J.Res. 268 - Disapproving the certification by the President that Mexico has fully cooperated with U.S. anti-drug efforts
(Sen. Wilson (R) California and nine others)

The Administration opposes S.J.Res. 268 and, if it is presented to the President, his senior advisers would recommend a veto.

On February 28, 1988, the President certified that certain major narcotics producing and/or major narcotics transit countries, including Mexico, have cooperated fully with the United States, or taken adequate steps on their own to control narcotics production, trafficking, and money laundering.

Disapproval of the President's certification would be seen as a hostile act, thus jeopardizing many joint U.S.-Mexico efforts, including our fight against drugs. In addition, decertification would result in requiring the United States to vote against Mexico for future loans requested from international development banks, which would inhibit Mexico's economic growth and development.

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STATEMENT OF ADMINISTRATION POLICY

(Revised - LA 3/22/88)

March 21, 1988
(Senate)

S.J.Res. 241 - Disapproving the U.S./Japan Agreement for Nuclear Cooperation
(Senators Byrd (D) West Virginia and Dole (R) Kansas)

The Administration opposes S.J.Res. 241, which would prevent the U.S./Japan agreement for peaceful nuclear cooperation from being brought into effect. The Administration urges that Congress give favorable consideration to the proposed agreement for cooperation. Rejection of the agreement would undercut overall relations with Japan and weaken our influence over Japan's future nuclear program. The new agreement substantially advances our non-proliferation objective of ensuring that the use of nuclear material in peaceful energy programs will not increase the risk that nuclear weapons will spread to additional countries.

If S.J.Res. 241 were presented to the President, the President's senior advisors would recommend that he veto the resolution.

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