



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

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(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 3755 – DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES,
EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1997**

(Sponsors: Livingston (R), Louisiana; Porter (R), Illinois)

This Statement of Administration Policy provides the Administration's views on H.R. 3755, the Departments of Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 1997, as reported by the House Appropriations Committee.

The Administration has previously communicated its strong objection to the overall inadequate discretionary funding level assumed in the House- and Senate-passed Budget Resolutions. The Committee bill would reduce discretionary budget authority by over \$5.5 billion from the President's request, which the Administration believes is the level necessary to address the Nation's needs adequately.

The President strongly believes that we must invest in our country's future by supporting education and training to promote long-term economic growth, and to give average Americans the skills they need to get high-wage jobs, and, thus, raise living standards both now and in the future. Many of the programs funded in this bill would help us do just that. In addition, many others are aimed at protecting and aiding the most vulnerable individuals in our society. Reductions and eliminations proposed by the Committee would have a particularly harmful effect by withholding necessary services for children, youth, and the disadvantaged, and by underfunding worker protection.

For these reasons, discussed more fully below, the President's senior advisers would recommend that the President veto the bill if it were presented to him in its current form.

Pre-School Children

The Head Start program plays a vital role in preparing disadvantaged young children for school; its expansion should be continued, not reversed as in the Committee bill. The President would add \$412 million and 50,000 new slots to the Head Start program in FY 1997. The Committee's action could reduce slots by up to 15,000 compared to FY 1996 – assuming that quality is to be maintained -- clearly a move in the wrong direction.

Education and Training

The Administration is committed to investing in education and training programs that help average Americans build a better future for themselves and their families. More than ever before in our Nation's history, what you earn depends on what you learn. The Committee has systematically targeted those key programs designed to educate and train our youth and our workers for the most debilitating cuts.

The Committee's ill-advised decision to terminate funding for Goals 2000 would set back State-based efforts to improve learning for all students and to build a more competitive workforce. The Committee provides none of the funding that the Administration has requested for its education technology initiatives as articulated by the President in the State of the Union address, including \$250 million for the Technology Literacy Challenge Fund, to begin to provide essential stimulus to States to help make every child computer literate by the dawn of the 21st century.

The Committee would eliminate aid for hundreds of thousands of children in schools across the country, and would substantially reduce aid for college by funding below the President's request: Education for the Disadvantaged, Safe and Drug Free Schools and Communities, Special Education, Pell Grants, Perkins Loans, Charter Schools, Comprehensive Regional Assistance Centers, Bilingual Education, School-to-Work, Vocational and Adult Education, and other programs. In addition, the Committee bill would eliminate funding for the Eisenhower Professional Development Program and Star Schools, folding the funding into an untargeted block grant. This action would not ensure that sufficient funds are devoted to teacher training and educational technology programs. The Committee's recommended funding levels would have a severe negative impact on our Nation's future.

The Committee bill would reduce spending for the administration of student loan programs from \$595 million to \$420 million, a \$71 million reduction from the request. This would make it impossible for the Department of Education to ensure program integrity in all student loan programs and would effectively cap the volume of direct lending. As with the FY 1996 appropriations bill, the Administration continues to oppose any cap on direct lending.

The Administration strongly opposes the Committee's proposal to cut summer jobs for youth by \$246 million, or 28 percent, below the President's request. This action would eliminate jobs for 134,000 disadvantaged youth. In addition, the Administration opposes the Committee's decision not to provide the \$250 million requested for the Youth Opportunities Areas initiative for at-risk youth, started under current law this year.

The Committee bill would reduce, by \$290 million, or 13 percent, requested funding to retrain dislocated workers and low-income adults and help them find jobs through One-Stop Career Centers. This would deny training and reemployment services to about 81,000 dislocated workers and 34,000 low-income adults.

The Administration opposes the provision in the Training and Employment Services appropriation that would allow the unlimited transfer of resources between the JTPA title II-A adult training program and the JTPA title III dislocated worker program. The Administration considers the amounts appropriated for the two programs the best policy judgment of the level of resources necessary to carry out those programs, and that the 20 percent transfer authority included in current law gives States and locals the sufficient flexibility to tailor the programs to meet unforeseen local needs.

Protecting Workers

The Committee bill would reduce by \$36 million, or 20 percent, the President's request for the National Labor Relations Board and would reduce by \$121 million, or 13 percent, the President's request for Labor Department worker protection programs. As a result, there would be fewer workplace inspections, reduced aid to small businesses, and, unless we were to reduce inspections even further, there would be no funding for the President's initiatives to ensure pension protection, eliminate sweatshops in the garment industry, and improve workplace safety and health. In addition, language riders in the bill would inappropriately restrict the ability of enforcement agencies to safeguard child safety, protect workers from ergonomic hazards, and enforce the National Labor Relations Act. The Administration is also concerned that the Committee bill does not fund the National Institute for Occupational Safety and Health or the former Bureau of Mines activities transferred to the Centers for Disease Control at the requested level.

The Administration opposes the 40-percent cut below the FY 1996 level for the Bureau of International Labor Affairs. The funding level provided by the Committee would constrain the Bureau's ability to work on child labor and workers' rights issues.

Protecting Health

The Committee bill would provide \$812 million for Ryan White AIDS Treatment Grants, \$18 million below the comparable FY 1997 request, adjusted for the Ryan White CARE Act amendments of 1996. While the Administration is encouraged that the Committee has increased funding above the President's request specifically for Title II State AIDS Drug Assistance Program activities, we are concerned that other activities in Title II receive \$17 million less than the level requested by the President. The Administration is also concerned that funding provided below the request for some other Titles in the Ryan White CARE Act is not sufficient to keep up with increasing case loads in the 49 cities currently receiving Title I assistance and the 150 local clinics that provide Title III(b) early intervention services to those with or at-risk of developing HIV.

The Administration is also concerned that the Committee bill does not appropriate a specific amount for AIDS research through a single appropriation for the National Institutes of Health's (NIH's) Office of AIDS Research as requested in the President's budget. The single appropriation helps NIH target NIH AIDS research funds effectively, minimizing duplication

and inefficiencies across the 21 institutes and centers that carry out HIV/AIDS research.

The Committee has reduced funding for the Substance Abuse and Mental Health Services Administration (SAMHSA) by \$249 million below the President's request. SAMHSA supports vital substance abuse and mental health services to many underserved Americans, such as pregnant women and high-risk youth. The Committee's funding level would undermine the anti-drug abuse strategy developed by General Barry R. McCaffrey, Director of the Office of National Drug Control Policy.

The Administration is disappointed that the Committee has not funded at the President's request several important programs of the Centers for Disease Control, including polio eradication and the HIV prevention program. In addition, we are disappointed that the Committee chose to terminate the Healthy Start program.

The Committee provided only one fourth of the funds requested for Grants for the Prevention of Sexual Abuse of Runaway and Homeless Youth, despite the fact that many teenagers on the streets are exposed to exploitation and violence. The Committee also underfunded Grants for Battered Women's Shelters, which provide a critical refuge for abused women. And the Committee falls \$7.4 million short of the President's request to fund fully CDC's Violence Against Women Act programs for Rape Prevention and for Community Programs on Domestic Violence. In total, the President requested that Congress provide the full \$109 million authorized in law for Violence Against Women Act programs -- of which the Committee has provided only \$93.6 million.

By providing no funding for the \$30 million Teen Pregnancy Prevention Initiative, the Committee would stall the development of critical knowledge about how to prevent teen pregnancy, and deprive vulnerable adolescents in 25 communities of essential services at a time when out-of-wedlock births are still rising.

Further, the Administration urges the House to provide the full request of \$198 million for Title X Family Planning Grants. The increase proposed over the FY 1996 level would allow an additional 20,000 individuals to receive family planning services, including counseling and testing for sexually transmitted diseases.

Combating Health Care Fraud and Abuse

The Committee mark does not include any discretionary appropriations for Health Care Financing Administration (HCFA) and HHS Office of Inspector General (HHS IG) Medicare anti-fraud activities, which totaled roughly \$440 million in FY 1996. Rather, the Committee mark assumes enactment of H.R. 3103 (health insurance reform), which would provide approximately \$500 million in mandatory funding for Medicare anti-fraud and abuse activities at HCFA and the HHS IG. If HR 3103 is not enacted, approximately \$440 million in additional discretionary appropriations would need to be identified to maintain ongoing HCFA and HHS IG activities in this important area.

The Committee mark provides \$158 million for Medicare survey and certification activities, \$15.8 million below the President's request of \$173.8 million. The President's request is necessary to make timely responses to beneficiary complaints and to continue reducing survey backlogs for facilities other than home health agencies.

Section 514

Section 514 of the bill would prohibit the use of certain funds made available under the Act for illegal aliens. The provision is extremely vague, and its intent and likely impact are both highly unclear. The Administration is strongly opposed to any provision that might be read to jeopardize any child's right to full participation in public and secondary education, including pre-school programs. The Administration prefers the language contained in the FY 1995 Labor, Health and Human Services, Education, and Related Agencies Appropriations Act, which would prohibit Federal, State, or local officials from obligating funds in violation of existing law or regulations that deny benefits.

In addition to the concerns discussed above, the Administration has additional concerns with the bill that were detailed in a June 19th letter to the House Appropriations Committee.