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

STATEMENT OF ADMINISTRATION POLICY

TO: JOHN HILLEY
MARTHA FOLEY
BARBARA CHOW
ANDY BLOCKER
JOHN PODESTA
SYLVIA MATHEWS
GENE SPERLING
CHUCK MARR
BRUCE REED
ELENA KAGAN
PAUL WEINSTEIN
JENNIFER KLEIN
JASON GOLDBERG

CC: JACK LEW
CHARLES KIEFFER

FROM: Alice Shuffield

DATE: September 4, 1997

SUBJECT: FOR YOUR CLEARANCE --
HOUSE Labor/HHS Appropriations SAP

Attached is the draft of our House Floor SAP regarding S. 1061, Labor / HHS / Education Appropriations Bill. The House takes up the bill this afternoon.

Position: Senior Advisors Veto Threat (page 1) -- The veto threat differs from the Senate SAP. It now pertains to the Riggs amendment regarding affirmative action, and does not mention the workfare amendment. Please also notice the paragraph on page 4 regarding the abortion amendment.

Timing: We plan to send the SAP to the Hill as soon as possible this afternoon.

Please contact Alice Shuffield at 5-4790 as soon as possible with your comments or your clearance.

September 3, 1997
(House Floor)

H.R. 2264 -- DEPARTMENT OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998

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

This Statement of Administration Policy provides the Administration's views on H.R. 2264, the Department of Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 1998, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill that provides requested funding for many of the Administration's priorities. We are pleased that the Committee has fully funded Bilingual and Immigrant Education, School to Work, Head Start, Technology Literacy Challenge, 21st Century Community Learning Centers, the targeted portion of the Title I formula, and education statistics and assessment. The Administration is also pleased that the Committee has limited the number of appropriations riders, consistent with the terms of the Bipartisan Budget Agreement. The House is urged to continue this practice.

As discussed below, the Administration will seek restoration of certain of the Committee's reductions. The Administration is committed to working with the House to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. For example, the Committee bill provides nearly $1 billion more than the President has requested for more than two dozen authorities in the Department of Education, while cutting the President's request by over $1 billion. We strongly urge the House to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority, particularly, as noted below, those contained in the Bipartisan Budget Agreement.

Unfortunately, the Administration understands that a number of controversial amendments may be offered, such as an amendment to halt the President's national testing initiative, an amendment to prohibit the use of funds in the Act for supervising the Teamster's election, and another amendment to prohibit the Education Department from enforcing federal laws against discrimination in public education admissions through affirmative action or preferences in any State where affirmative action or preferences are prohibited by State law. A number of these proposals, as well as certain provisions of the Committee bill, such as the lack of funding for the President's America Reads Challenge, are contrary to the Bipartisan Budget Agreement. If such policies were adopted, particularly in light of other concerns raised in this Statement of Administration Policy, the President's senior advisers would be forced to recommend that the President veto the bill.

Department of Education

The Administration appreciates the Committee's efforts to provide substantial new funding for education activities. Unfortunately, the Committee has failed to provide the $260 million necessary for the President's America Reads Challenge in the Department of Education, and the bill provides only $10 million of the $42 million requested for America Reads in the portion of the Corporation for National and Community Service budget funded by this bill. The Committee has provided advance funding for America Reads to the Department of Education for FY 1999, pending new authorization, which would produce a full year's delay in getting needed reading assistance to millions of children. The Bipartisan Budget Agreement specifically calls for funding a literacy program, "consistent with the goals and concepts of the President's America Reads program" at the levels proposed in the President's FY 1998 Budget. America Reads is one of the Administration's highest funding priorities. The Administration believes that full FY 1998 funding for this initiative should be restored to both the Department of Education and the Corporation for National and Community Service activities funded in this bill and in the VA/HUD Appropriations bill.

The Administration is working closely with the authorizing committees to develop legislation effective for FY 1998. There is ample time to enact legislation, as needed, by April 1 for a program that would begin on July 1, in time for summer activities and the 1998-1999 school year. The Administration also strongly urges the Congress to include in this Act a provision to make the funds available on April 1 under existing authorities, in the event that final action on the authorization bill is not completed in a timely manner.

The Administration is strongly opposed to two possible amendments that would bring a halt to the President's national testing initiative. The national tests proposed by the President are critical because they will, for the first time, provide students, parents, and teachers the opportunity to measure how well students are performing in comparison to other students nationally and internationally and, as a result, they will help hold schools accountable to parents and communities for the performance of all students. The Department of Education has the authority to develop these tests under the Fund for the Improvement of Education (FIE). We support the bill's requirement that the Department of Education contract with the National Academy of Science to conduct a study and report on the testing initiative. In addition, we support legislation to place overall responsibility for the testing initiative with the independent, bipartisan National Assessment Government Board.

The Administration urges the House to provide adequate funding for the FIE program that finances this testing initiative, so that sufficient funding will also be available for continuations, new awards, and congressional directives.

The Bipartisan Budget Agreement specifies funding at the levels proposed in the President's budget for Pell grants, which supports both a $3,000 maximum award and expanded eligibility for independent students. The Committee bill cuts the Pell request by over $197 million, and does not authorize the Administration's proposed independent student policy.

This authorization is no different from the Committee's annual procedure of authorizing the maximum Pell grant award. We urge the House to fully fund Pell grants and to authorize both the maximum award and the independent student change.

The Committee bill funds Education Reform at $1.13 billion, $110 million below the level assumed under the Bipartisan Budget Agreement. Within the total, Goals 2000 is funded at only $475 million, $145 million below the request. Goals 2000 funds provide essential support to every State's education improvement strategy. We strongly urge the House to restore full funding for Goals 2000.

The Administration strongly opposes a proposed amendment that would prohibit the investigation of violations by and imposition of penalties upon States that do not comply with the statutory requirement of the Individuals with Disabilities Education Act (IDEA) Amendments of serve to eligible individuals with disabilities age 18 or older in adult State prisons. The Amendments have reduced States' burden by reducing the number of eligible individuals and by limiting the types of services that must be provided. Since prison education programs have a positive affect on reducing recidivism and on post release employment success, the requirement to serve this population should be properly enforced.

The Administration urges the House to fund Safe and Drug-Free Schools and Communities (SDFSC) at the President's FY98 request of $620 million, $64 million above the House mark. SDFSC, the largest Federal school-based drug and violence prevention program, serves more than 40 million students in over 97 percent of the nation's school districts and is an essential component of a comprehensive effort to reduce teen drug use.

The Administration is concerned about a proposed amendment that would cut funding for the Statistics program by $14 million, which would mean that the Department of Education would not be able to move forward on a number of studies, including those providing key data on early childhood, student achievement, teachers, and adult literacy. The Administration urges the House to oppose this proposed amendment, and to provide the requested level.

The Committee has included language amending the definition of an eligible lender in the Federal Family Education Loan Program. The language would provide a broad exception to the current limitation on how much of a bank's portfolio can be guaranteed student loans, including loans that a bank holds as a trustee for a third party. It would also allow finance companies, the financial solvency of which is not regulated by a public entity as are banks, to be eligible lenders. Both of these provisions would increase the Federal exposure to financial risk and weaken parts of the statute that have been passed specifically in response to prior abuses. The provision should be stricken from the bill.

We urge the House to fund at the President's Budget level other high priority Education programs, including Adult Education, Eisenhower Professional Development, and Charter Schools.

Department of Health and Human Services

The Administration is deeply concerned that the Committee has failed to provide $21 million for the Administration's new Adoption Initiative. The goal of this program is to double the number of children adopted or permanently placed outside of child welfare systems by FY 2002. The Administration strongly urges the House to fully fund this urgently-needed program at the President's requested level.

An amendment has been made in order that would include a prohibition on the purchase of health benefit coverage that includes abortion. The President believes that abortion should be safe, legal, and rare. However, the amendment would not only maintain, but would further limit the range of conditions under which a woman's health would permit access to abortion. Furthermore, it would require a physician to make a legal determination that these conditions have been met. The Administration opposes this attempt to constrain further the availability of abortion services and strongly urges the House not to adopt the amendment. The Administration believes that it is important that any legislation in this area be clear that limitations on the use of Federal funds to provide abortion services under managed care plans do not affect in any way the ability of States to provide such coverage using their own funds, nor the ability of managed care providers to participate in Federally-funded programs while also offering other coverage paid for by State or private funds. It is helpful that the amendment includes this clarification.

The Administration supports efforts to encourage minors to discuss their health care needs with their families. However, the Administration is concerned about a potential amendment on the House Floor requiring parental consent for minors to receive contraceptive health services in Title X Family Planning clinics. Mandating parental consent for contraceptive services could discourage sexually active minors from seeking health care and reproductive counseling services and, thus, lead to even more unwarranted pregnancies, more abortions, and more sexually transmitted diseases, including HIV, among our Nation's youth. As an alternative, the Administration prefers the amendment made in order in the rule that requires clinics to certify that they encourage family participation in the decision of minors to seek family planning services and that they provide counseling to minors on resisting attempts to coerce minors into engaging in sexual activities. The Administration does not support two likely amendments that would decrease funding for the Title X Family Planning program below the request of $203 million.

The House Committee has not provided funding for the Medicare Transaction System (MTS), noting criticisms of the MTS design. The President's $89 million request would fund consolidation of HCFA's current contractor systems, which needs to occur prior to, and independent of, final resolution of MTS design issues. The Committee also notes that funding for the Medicare Integrity Program, established by the Kassebaum-Kennedy legislation, could be use to fund MTS. We believe that using Medicare Integrity Program funding for this purpose woul[d] be inappropriate since that program was established specifically to combat fraud and abuse. To the extent possible, the Administration urges the House to restore funding for MTS to the requested level. Second, the Balanced Budget Act of 1997 includes authorization of up to $2[illegible] million in managed care user fees to pay the costs of providing beneficiaries with information managed care plans. The Administration supports action by the Appropriations Committee t make the level of authorized user fees available in FY 1998 to implement the informational activities mandated in the Balanced Budget Act of 1997.

The Administration is pleased that the Committee has provided the requested increase of $40 million over FY 1997 for Ryan White AIDS Treatment Grants, and an additional $132 million to help States purchase drugs. However, the Committee has not allocated the $40 million increase among the Titles of the Ryan White CARE Act toward primary care as proposed in the FY 1998 Budget. The Administration's proposed allocation targets additional resources to those Titles that emphasize the delivery of primary care, a particularly important priority now that the prospects for medical care for people infected with HIV have improved dramatically. The Administration looks forward to working with Congress to ensure that the resources provided to the Ryan White AIDS Treatment Grants are distributed in a way that is consistent with the priorities placed on primary care in the President's budget.

The Administration is 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 would help NIH plan and target NIH research funds effectively, minimizing duplication and inefficiencies across the 21 institutes and centers that carry out HIV/AIDS research

The Administration is concerned that the Committee has not provided the full increase requested for HIV prevention programs of the Center for Disease Control and Prevention. The Budget proposes a $17 million increase for this activity to target HIV prevention for intravenous drug users at risk of developing the virus. The Administration urges the House to provide the full requested amount to the extent possible.

The President's Budget includes $39 million for welfare research. The Committee has provided only $21 million. In order to gauge the effects of welfare reform, review and monitoring research is needed now more than ever. The Administration urges the House to fund welfare research at the President's requested level.

Department of Labor

The Bipartisan Budget Agreement specifies funding at the levels proposed in the President's budget for Training and Employment Services (TES), including Job Corps. The Committee mark is $233 million below this level. The Committee has provided $100 million in FY 1999 for the Youth Opportunity Area proposal, subject to enactment of authorizing legislation. This program is an essential component of the Administration's Enterprise Zones/Empowerment Communities initiative. It may be carried out under existing legislation, and a separate authorization is not necessary. The House is urged to provide resources for this initiative in FY 1998, without the restriction imposed by the Committee.

We understand that an amendment may be offered that would further reduce funding for the Job Training Partnership Act's low-income adult training grant program by $21 million, and thus deny training and employment services to some 7,000 low-income adults and welfare recipients pursuing economic self-sufficiency. We strongly urge the House to reject the amendment.

The Committee has failed to provide $89 million for spending on UI "integrity" initiatives (e.g., increased eligibility reviews, tax audits). This spending is explicitly assumed in the Balanced Budget Act of 1997, and would, over five years, achieve $763 million in mandatory savings assumed in the Act. The House is urged to provide this increase.

On July 17, 1997, the President sent to Congress a budget amendment for $6.2 million for the Labor Department to administer the $3 billion Welfare-to-Work program. This program is agreed to by Congress in the Balanced Budget Act of 1997, effective October 1, 1997. We urge the House to add these fund.

The Committee has provided $981 million, an increase of $32 million over the FY 1997 enacted level, for the Department of Labor workplace protection programs, about half of the President's proposed increase. Without the requested increase, the Department will not be able to carry out a balanced program of targeted enforcement with expanded partnerships and compliance assistance in the regulated community, or streamline its operations to provide assistance to small businesses in complying with various workplace laws and related executive orders, such as the systems and technical assistance improvements requested for the Office of Federal Contract Compliance. In addition, funding for the independent National Labor Relations Board has been frozen, a cut of $11 million below the request. The Administration urges the House to enact the Administration's's request for these programs.

Social Security Administration

The Committee has provided $245 million for additional Continuing Disability Review (CDR) funding and SSI reforms implementation, $45 million less than the President's request. This amount is not subject to the discretionary spending caps. Failure to provide the additional funds would mean that some 15 percent fewer individuals would have their status reviewed in FY 1998, potentially costing hundreds of millions of dollars in benefits to individuals who would have been found no longer eligible. We urge the House to provide the additional $45 million.

Additional Administration concerns with the Committee bill are contained in the attachment.

Attachment

Attachment
(House Floor)

ADDITIONAL CONCERNS
H.R. 2264 -- DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998
(AS REPORTED BY THE HOUSE COMMITTEE)

The Administration looks forward to working with the Congress to address the following concerns.

All Agencies Covered by the Bill

- Operating Plans. The Committee report calls for all agencies covered by the bill to provide to the Committee "operating plans" for appropriations. We are prepared to work with the Committee to discuss the purpose of this request and determine how to address it.

Department of Health and Human Services

- Community Schools: Violent Crime Reduction. While the Administration supports the Committee's funding of Violence Against Women Act programs, the Committee has provided no funding for the Community Schools program within the Violent Crime Reduction Programs account or for the Community-Based Resource Centers and Developmental Disabilities Special Projects activities. We urge the House to restore funding for these programs.

- Medicare Survey and Certification User Fees. The President's budget proposes total funding of $158 million for the surveys and certification program, $148 million in budget authority and $10 million in user fees. The Committee has provided $148 million in budget authority, $10 million below the President's request. On March 27, 1997, the Administration transmitted legislation to Congress for the authorization of $10 million in new survey and certification user fees. The Administration believes that health care providers who derive considerable benefit from the Medicare program should fund the cost of conducting initial surveys required for entry into the program. We urge Congress to enact the Administration's survey and certification user fee proposal and to fully fund the President's request for this activity.

- HCFA Federal Administration. The Committee has not funded HCFA Federal Administration at the President's FY 1998 request of $358 million. The Committee's funding level of $348 million could hinder HCFA's efforts to comply with year 2000 systems requirements and perform the CFO audit. In addition, we understand that an amendment may be offered that would further reduce funding for HCFA Federal Administration by transferring $2.3 million to HRSA. The Administration urges Congress to fully fund the President's request.

- Hansen's Disease. The bill includes language that would transfer HHS's Hansen Disease treatment facility at Carville, Louisiana, to the State of Louisiana. The Administration supports this transfer, but objects to how the language transfers property to the State of Louisiana and how it handles personnel issues. We believe that the General Services Administration, the Federal Government's property asset manager, should handle the transfer as authorized in the Federal Property and Administrative Services Act of 1949. In addition, the Administration strongly opposes those provisions pertaining to the computation of employee annuities and disability retirement benefits. The Administration urges the House to delete these provisions. There are a variety of ways to ensure the well-being of and retirement benefits for these employees, and the Administration wants to work with the House to draft language that is consistent with current law.

- Additional Health Concerns. The Administration is concerned that the Committee has not provided the full request for the Office of Emergency Preparedness, HRSA Organ Transplantation, the Office for Civil Rights, CDC's National Center for Health Statistics, and SAMHSA Data Collection activities. To the extent possible, we urge that the requested funding level be provided.

Social Security Administration

- Official Time. Language of the Committee bill would bar the expenditure of trust fund money for employees who conduct union activities on official time. Paying for such expenses is consistent with both Federal law and SSA's collective bargaining agreements. Restricting certain funding sources from paying for this activity would unfairly shift costs to the general fund and not reduce the amount of Federal funds expended on this legitimate activity. This limitation should be stricken from the bill.

- User Fees. The Committee has included language to authorize increases to the fee States pay SSA for administering State payments that are supplemental to SSI benefits, and provide for such funds to be available, subject to appropriations action, upon collection for SSA administrative expenses. This provision is identical to language in the Balanced Budget Act of 1997, which also includes a provision directing that these additional fees shall be credited as a discretionary offset to discretionary spending to the extent that the amounts are made available for expenditure in appropriations acts. The Administration commends the Committee's actions and suggests that the House delete the language that is duplicative.

Railroad Retirement Board

- Inspector General. The Committee has included language prohibiting the use of any funds other than those in the Inspector General (IG) account for the provision of supplies, space, and services by other offices of the Railroad Retirement Board (RRB) to the IG. The language should be stricken from the bill. The Administration believes that the current means of financing centralized services provided to the IG is consistent with the provisions of the IG Act and that the RRB should not be singled out in this respect. The Administration also notes that, once the amount specified in report language related to these support services is factored into the total for the IG, the Committee would effectively reduce the IG budget by 17 percent from the FY 1997 enacted level. The President's request is for level funding; the Committee's reduction is excessive.

- Inspector General. The Committee bill includes language prohibiting the Railroad Retirement Board (RRB) Inspector General from using funds for any audit, investigation, or review of the Medicare program. RRB has statutory authority to administer a separate contract for RRB, Part B Medicare claims. The Administration believes that this language should be dropped. As long as RRB has authority to negotiate and administer a separate Medicare contract, the RRB Inspector General ought not to be prohibited from using funds to review, audit, or investigate activity related to that contract.

Armed Forces Retirement Home

- The Subcommittee bill would reduce the $25 million capital program by one third. This program includes the renovation of the Sheridan dormitory in Washington and design of the medical facility in Mississippi. The Administration strongly supports full funding of these renovations which are badly needed to serve these elderly veterans.

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

STATEMENT OF ADMINISTRATION POLICY

TO:	**JOHN HILLEY** **MARTHA FOLEY** **BARBARA CHOW** **ANDY BLOCKER** **JOHN PODESTA** **SYLVIA MATHEWS** **GENE SPERLING** **CHUCK MARR** **BRUCE REED** **ELENA KAGAN** **PAUL WEINSTEIN** **JENNIFER KLEIN** **JASON GOLDBERG**
CC:	**JACK LEW** **CHARLES KIEFFER**
FROM:	Alice Shuffield AS
DATE:	September 4, 1997
SUBJECT:	**FOR YOUR CLEARANCE --** **HOUSE Labor/HHS Appropriations SAP**

Attached is the draft of our House Floor SAP regarding S. 1061, Labor / HHS / Education Appropriations Bill. The House takes up the bill this afternoon.

Position: Senior Advisors Veto Threat (page 1) -- The veto threat differs from the Senate SAP. It now pertains to the Riggs amendment regarding affirmative action, and does not mention the workfare amendment. Please also notice the paragraph on page 4 regarding the abortion amendment.

Timing: We plan to send the SAP to the Hill as soon as possible this afternoon.

Please contact Alice Shuffield at 5-4790 as soon as possible with your comments or your clearance.

September 3, 1997
(House Floor)

H.R. 2264 -- DEPARTMENT OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998

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

This Statement of Administration Policy provides the Administration's views on H.R. 2264, the Department of Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 1998, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill that provides requested funding for many of the Administration's priorities. We are pleased that the Committee has fully funded Bilingual and Immigrant Education, School to Work, Head Start, Technology Literacy Challenge, 21st Century Community Learning Centers, the targeted portion of the Title I formula, and education statistics and assessment. The Administration is also pleased that the Committee has limited the number of appropriations riders, consistent with the terms of the Bipartisan Budget Agreement. The House is urged to continue this practice.

As discussed below, the Administration will seek restoration of certain of the Committee's reductions. The Administration is committed to working with the House to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. For example, the Committee bill provides nearly $1 billion more than the President has requested for more than two dozen authorities in the Department of Education, while cutting the President's request by over $1 billion. We strongly urge the House to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority, particularly, as noted below, those contained in the Bipartisan Budget Agreement.

Unfortunately, the Administration understands that a number of controversial amendments may be offered, such as an amendment to halt the President's national testing initiative, an amendment to prohibit the use of funds in the Act for supervising the Teamster's election, and another amendment to prohibit the Education Department from enforcing federal laws against discrimination in public education admissions through affirmative action or preferences in any State where affirmative action or preferences are prohibited by State law. A number of these proposals, as well as certain provisions of the Committee bill, such as the lack of funding for the President's America Reads Challenge, are contrary to the Bipartisan Budget Agreement. If such policies were adopted, particularly in light of other concerns raised in this Statement of Administration Policy, the President's senior advisers would be forced to recommend that the President veto the bill.

Department of Education

The Administration appreciates the Committee's efforts to provide substantial new funding for education activities. Unfortunately, the Committee has failed to provide the $260 million necessary for the President's America Reads Challenge in the Department of Education, and the bill provides only $10 million of the $42 million requested for America Reads in the portion of the Corporation for National and Community Service budget funded by this bill. The Committee has provided advance funding for America Reads to the Department of Education for FY 1999, pending new authorization, which would produce a full year's delay in getting needed reading assistance to millions of children. The Bipartisan Budget Agreement specifically calls for funding a literacy program, "consistent with the goals and concepts of the President's America Reads program" at the levels proposed in the President's FY 1998 Budget. America Reads is one of the Administration's highest funding priorities. The Administration believes that full FY 1998 funding for this initiative should be restored to both the Department of Education and the Corporation for National and Community Service activities funded in this bill and in the VA/HUD Appropriations bill.

The Administration is working closely with the authorizing committees to develop legislation effective for FY 1998. There is ample time to enact legislation, as needed, by April 1 for a program that would begin on July 1, in time for summer activities and the 1998-1999 school year. The Administration also strongly urges the Congress to include in this Act a provision to make the funds available on April 1 under existing authorities, in the event that final action on the authorization bill is not completed in a timely manner.

The Administration is strongly opposed to two possible amendments that would bring a halt to the President's national testing initiative. The national tests proposed by the President are critical because they will, for the first time, provide students, parents, and teachers the opportunity to measure how well students are performing in comparison to other students nationally and internationally and, as a result, they will help hold schools accountable to parents and communities for the performance of all students. The Department of Education has the authority to develop these tests under the Fund for the Improvement of Education (FIE). We support the bill's requirement that the Department of Education contract with the National Academy of Science to conduct a study and report on the testing initiative. In addition, we support legislation to place overall responsibility for the testing initiative with the independent, bipartisan National Assessment Government Board.

The Administration urges the House to provide adequate funding for the FIE program that finances this testing initiative, so that sufficient funding will also be available for continuations, new awards, and congressional directives.

The Bipartisan Budget Agreement specifies funding at the levels proposed in the President's budget for Pell grants, which supports both a $3,000 maximum award and expanded eligibility for independent students. The Committee bill cuts the Pell request by over $197 million, and does not authorize the Administration's proposed independent student policy.

This authorization is no different from the Committee's annual procedure of authorizing the maximum Pell grant award. We urge the House to fully fund Pell grants and to authorize both the maximum award and the independent student change.

The Committee bill funds Education Reform at $1.13 billion, $110 million below the level assumed under the Bipartisan Budget Agreement. Within the total, Goals 2000 is funded at only $475 million, $145 million below the request. Goals 2000 funds provide essential support to every State's education improvement strategy. We strongly urge the House to restore full funding for Goals 2000.

The Administration strongly opposes a proposed amendment that would prohibit the investigation of violations by and imposition of penalties upon States that do not comply with the statutory requirement of the Individuals with Disabilities Education Act (IDEA) Amendments of serve to eligible individuals with disabilities age 18 or older in adult State prisons. The Amendments have reduced States' burden by reducing the number of eligible individuals and by limiting the types of services that must be provided. Since prison education programs have a positive affect on reducing recidivism and on post release employment success, the requirement to serve this population should be properly enforced.

The Administration urges the House to fund Safe and Drug-Free Schools and Communities (SDFSC) at the President's FY98 request of $620 million, $64 million above the House mark. SDFSC, the largest Federal school-based drug and violence prevention program, serves more than 40 million students in over 97 percent of the nation's school districts and is an essential component of a comprehensive effort to reduce teen drug use.

The Administration is concerned about a proposed amendment that would cut funding for the Statistics program by $14 million, which would mean that the Department of Education would not be able to move forward on a number of studies, including those providing key data on early childhood, student achievement, teachers, and adult literacy. The Administration urges the House to oppose this proposed amendment, and to provide the requested level.

The Committee has included language amending the definition of an eligible lender in the Federal Family Education Loan Program. The language would provide a broad exception to the current limitation on how much of a bank's portfolio can be guaranteed student loans, including loans that a bank holds as a trustee for a third party. It would also allow finance companies, the financial solvency of which is not regulated by a public entity as are banks, to be eligible lenders. Both of these provisions would increase the Federal exposure to financial risk and weaken parts of the statute that have been passed specifically in response to prior abuses. The provision should be stricken from the bill.

We urge the House to fund at the President's Budget level other high priority Education programs, including Adult Education, Eisenhower Professional Development, and Charter Schools.

Department of Health and Human Services

The Administration is deeply concerned that the Committee has failed to provide $21 million for the Administration's new Adoption Initiative. The goal of this program is to double the number of children adopted or permanently placed outside of child welfare systems by FY 2002. The Administration strongly urges the House to fully fund this urgently-needed program at the President's requested level.

An amendment has been made in order that would include a prohibition on the purchase of health benefit coverage that includes abortion. The President believes that abortion should be safe, legal, and rare. However, the amendment would not only maintain, but would further limit the range of conditions under which a woman's health would permit access to abortion. Furthermore, it would require a physician to make a legal determination that these conditions have been met. The Administration opposes this attempt to constrain further the availability of abortion services and strongly urges the House not to adopt the amendment. The Administration believes that it is important that any legislation in this area be clear that limitations on the use of Federal funds to provide abortion services under managed care plans do not affect in any way the ability of States to provide such coverage using their own funds, nor the ability of managed care providers to participate in Federally-funded programs while also offering other coverage paid for by State or private funds. It is helpful that the amendment includes this clarification.

The Administration supports efforts to encourage minors to discuss their health care needs with their families. However, the Administration is concerned about a potential amendment on the House Floor requiring parental consent for minors to receive contraceptive health services in Title X Family Planning clinics. Mandating parental consent for contraceptive services could discourage sexually active minors from seeking health care and reproductive counseling services and, thus, lead to even more unwarranted pregnancies, more abortions, and more sexually transmitted diseases, including HIV, among our Nation's youth. As an alternative, the Administration prefers the amendment made in order in the rule that requires clinics to certify that they encourage family participation in the decision of minors to seek family planning services and that they provide counseling to minors on resisting attempts to coerce minors into engaging in sexual activities. The Administration does not support two likely amendments that would decrease funding for the Title X Family Planning program below the request of $203 million.

The House Committee has not provided funding for the Medicare Transaction System (MTS), noting criticisms of the MTS design. The President's $89 million request would fund consolidation of HCFA's current contractor systems, which needs to occur prior to, and independent of, final resolution of MTS design issues. The Committee also notes that funding for the Medicare Integrity Program, established by the Kassebaum-Kennedy legislation, could be use to fund MTS. We believe that using Medicare Integrity Program funding for this purpose woulc be inappropriate since that program was established specifically to combat fraud and abuse. To the extent possible, the Administration urges the House to restore funding for MTS to the requested level. Second, the Balanced Budget Act of 1997 includes authorization of up to $2(million in managed care user fees to pay the costs of providing beneficiaries with information managed care plans. The Administration supports action by the Appropriations Committee t make the level of authorized user fees available in FY 1998 to implement the informational activities mandated in the Balanced Budget Act of 1997.

The Administration is pleased that the Committee has provided the requested increase of $40 million over FY 1997 for Ryan White AIDS Treatment Grants, and an additional $132 million to help States purchase drugs. However, the Committee has not allocated the $40 million increase among the Titles of the Ryan White CARE Act toward primary care as proposed in the FY 1998 Budget. The Administration's proposed allocation targets additional resources to those Titles that emphasize the delivery of primary care, a particularly important priority now that the prospects for medical care for people infected with HIV have improved dramatically. The Administration looks forward to working with Congress to ensure that the resources provided to the Ryan White AIDS Treatment Grants are distributed in a way that is consistent with the priorities placed on primary care in the President's budget.

The Administration is 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 would help NIH plan and target NIH research funds effectively, minimizing duplication and inefficiencies across the 21 institutes and centers that carry out HIV/AIDS research

The Administration is concerned that the Committee has not provided the full increase requested for HIV prevention programs of the Center for Disease Control and Prevention. The Budget proposes a $17 million increase for this activity to target HIV prevention for intravenous drug users at risk of developing the virus. The Administration urges the House to provide the full requested amount to the extent possible.

The President's Budget includes $39 million for welfare research. The Committee has provided only $21 million. In order to gauge the effects of welfare reform, review and monitoring research is needed now more than ever. The Administration urges the House to fund welfare research at the President's requested level.

Department of Labor

The Bipartisan Budget Agreement specifies funding at the levels proposed in the President's budget for Training and Employment Services (TES), including Job Corps. The Committee mark is $233 million below this level. The Committee has provided $100 million in FY 1999 for the Youth Opportunity Area proposal, subject to enactment of authorizing legislation. This program is an essential component of the Administration's Enterprise Zones/Empowerment Communities initiative. It may be carried out under existing legislation, and a separate authorization is not necessary. The House is urged to provide resources for this initiative in FY 1998, without the restriction imposed by the Committee.

We understand that an amendment may be offered that would further reduce funding for the Job Training Partnership Act's low-income adult training grant program by $21 million, and thus deny training and employment services to some 7,000 low-income adults and welfare recipients pursuing economic self-sufficiency. We strongly urge the House to reject the amendment.

The Committee has failed to provide $89 million for spending on UI "integrity" initiatives (e.g., increased eligibility reviews, tax audits). This spending is explicitly assumed in the Balanced Budget Act of 1997, and would, over five years, achieve $763 million in mandatory savings assumed in the Act. The House is urged to provide this increase.

On July 17, 1997, the President sent to Congress a budget amendment for $6.2 million for the Labor Department to administer the $3 billion Welfare-to-Work program. This program is agreed to by Congress in the Balanced Budget Act of 1997, effective October 1, 1997. We urge the House to add these fund.

The Committee has provided $981 million, an increase of $32 million over the FY 1997 enacted level, for the Department of Labor workplace protection programs, about half of the President's proposed increase. Without the requested increase, the Department will not be able to carry out a balanced program of targeted enforcement with expanded partnerships and compliance assistance in the regulated community, or streamline its operations to provide assistance to small businesses in complying with various workplace laws and related executive orders, such as the systems and technical assistance improvements requested for the Office of Federal Contract Compliance. In addition, funding for the independent National Labor Relations Board has been frozen, a cut of $11 million below the request. The Administration urges the House to enact the Administration's's request for these programs.

Social Security Administration

The Committee has provided $245 million for additional Continuing Disability Review (CDR) funding and SSI reforms implementation, $45 million less than the President's request. This amount is not subject to the discretionary spending caps. Failure to provide the additional funds would mean that some 15 percent fewer individuals would have their status reviewed in FY 1998, potentially costing hundreds of millions of dollars in benefits to individuals who would have been found no longer eligible. We urge the House to provide the additional $45 million.

Additional Administration concerns with the Committee bill are contained in the attachment.

Attachment

Josh Gotbaum
5-9188

Wm G. White 07/29/97 12:19:27 PM

Record Type: Record

To: Elena Kagan/OPD/EOP, Jennifer L. Klein/OPD/EOP

cc: See the distribution list at the bottom of this message
Subject: Text Agreed to for Family Planning in House L/HHS SAP

Thank you for your quick review of the Family Planning language for the House L/HHS SAP. As agreed to on the phone, here is the language that we will submit for the final floor SAP. As also discussed on the phone, we will make no substantive updates to the Hyde text in the SAP.

We just received word that the L/HHS Bill is scheduled to go to the House Floor at 2:00 pm today. The SAP is going up within minutes.

FAMILY PLANNING TEXT TO BE SUBMITTED FOR FINAL HOUSE FLOOR SAP
"The Administration supports efforts to encourage minors to discuss their health care needs with their families. However, it would oppose a potential amendment on the House floor requiring parental consent for minors to receive contraceptive health services in Title X Family Planning clinics. Mandating parental consent for contraceptive services could discourage sexually active minors from seeking all health care and reproductive counseling services and thus lead to more unwarranted pregnancies, more abortions and more sexually transmitted diseases, including HIV, among our nation's youth. As an alternative, the Administration supports the amendment adopted in Committee that requires clinics to certify that they encourage family participation in the decision of minors to seek family planning services and provide counseling to minors on resisting attempts to coerce minors into engaging in sexual activities."

Message Copied To:

Joshua Gotbaum/OMB/EOP
Richard J. Turman/OMB/EOP
Nicolette Highsmith/OMB/EOP
Chin-Chin Ip/OMB/EOP
Mark E. Miller/OMB/EOP
Barbara E. Washington/OMB/EOP

Wm G. White 07/29/97 12:19:27 PM

Record Type: Record

To: Elena Kagan/OPD/EOP, Jennifer L. Klein/OPD/EOP

cc: See the distribution list at the bottom of this message
Subject: Text Agreed to for Family Planning in House L/HHS SAP

Thank you for your quick review of the Family Planning language for the House L/HHS SAP. As agreed to on the phone, here is the language that we will submit for the final floor SAP. As also discussed on the phone, we will make no substantive updates to the Hyde text in the SAP.

We just received word that the L/HHS Bill is scheduled to go to the House Floor at 2:00 pm today. The SAP is going up within minutes.

FAMILY PLANNING TEXT TO BE SUBMITTED FOR FINAL HOUSE FLOOR SAP
"The Administration supports efforts to encourage minors to discuss their health care needs with their families. However, it would oppose a potential amendment on the House floor requiring parental consent for minors to receive contraceptive health services in Title X Family Planning clinics. Mandating parental consent for contraceptive services could discourage sexually active minors from seeking all health care and reproductive counseling services and thus lead to more unwarranted pregnancies, more abortions and more sexually transmitted diseases, including HIV, among our nation's youth. As an alternative, the Administration supports the amendment adopted in Committee that requires clinics to certify that they encourage family participation in the decision of minors to seek family planning services and provide counseling to minors on resisting attempts to coerce minors into engaging in sexual activities."

Message Copied To:

Joshua Gotbaum/OMB/EOP
Richard J. Turman/OMB/EOP
Nicolette Highsmith/OMB/EOP
Chin-Chin Ip/OMB/EOP
Mark E. Miller/OMB/EOP
Barbara E. Washington/OMB/EOP

JOSHUA GOTBAUM
07/30/97 12:21:27 PM

Record Type: Non-Record

To: Jennifer L. Klein/OPD/EOP, Elena Kagan/OPD/EOP, Barbara Chow/WHO/EOP, FOLEY_M @ A1@CD@LNGTWY

cc: Charles E. Kieffer/OMB/EOP, Richard J. Turman/OMB/EOP, Wm G. White/OMB/EOP

Subject: Revised Hyde Amendment Language for Labor HHS SAP -- Any comments needed by 2:00 pm

Below is language revised to take into account (a) the negotiations between Nita Lowey and Henry Hyde and (b) the fact that we've agreed to different language on Medicaid managed care to deal with the "conmingling of funds" issue. If you have any difficulties with the language below, please page me. Thanks.

An amendment is made in order that would include a prohibition on the purchase of health benefit coverage that includes abortion. The President believes that abortion should be safe, legal, and rare. However, the amendment would not only maintain, but further limit the range of conditions under which a woman's health would permit access to abortion. Furthermore, it ~~and~~ would require a physician to make a legal determination that ~~the woman met~~ these conditions have been met. ~~The Hyde amendment might also be construed to curtail the availability of State-only and privately funded abortion services. Most States purchase health coverage for Medicaid beneficiaries from managed care organizations (MCOs). This amendment might be construed as prohibiting States from contracting with MCOs that offer abortion services to any woman, even using private or State funds.~~ The Administration opposes this attempt to constrain further the availability of abortion services and strongly urges the House not to adopt the Hyde amendment. For this and other ~~these~~ reasons, the Administration prefers the Lowey substitute. We understand that there may be negotiations to develop an alternative to both proposals. The Administration believes that it is important that any legislation in this area be clear that limitations on the use of Federal funds to provide abortion services under managed care plans do not affect in any way the ability of states to provide such coverage using their own funds, nor the ability of managed care providers to participate in Federally-funded programs while also offering other coverage paid for by state or private funds.

Barbara E. Washington

08/08/97 05:00:53 PM

Record Type: Record

To: Jennifer L. Klein/OPD/EOP

cc: See the distribution list at the bottom of this message
Subject: Revised Abortion Language for the L/HHS SAP - Clearance Requested

The language below is draft language that could be included in the Labor/HHS Appropriations Bill SAP in response to the Lowey/Hyde compromise abortion language. The compromise amendment was published in the July 31 Congressional Record.

The draft language states that we are pleased that the amendment includes clarification that the limits on managed care do not affect the ability or states or private people from using their own funds for abortion services. The draft language still includes the Administration's opposition to limiting the range of conditions under which a woman's health would permit access to abortion.

If you have any problems with the draft language or suggested edits, please call Josh Gotbaum.

Thanks

Language Proposed for inclusion in the L/HHS SAP:

"An amendment has been made in order that would include a prohibition on the purchase of health benefit coverage that includes abortion. The President believes that abortion should be safe, legal, and rare. However, the amendment would not only maintain, but further limit the range of conditions under which a woman's health would permit access to abortion. Furthermore, it would require a physician to make a legal determination that these conditions have been met. The Administration opposes this attempt to constrain further the availability of abortion services and strongly urges the House not to adopt the amendment. The Administration believes that it is important that any legislation in this area be clear that limitations on the use of Federal funds to provide abortion services under managed care plans do not affect in any way the ability of states to provide such coverage using their own funds, nor the ability of managed care providers to participate in Federally-funded programs while also offering other coverage paid for by state or private funds. We are pleased that the amendment includes this clarification."

Message Copied To:

JOSHUA GOTBAUM
07/29/97 01:11:46 PM

Record Type: Non-Record

To: Jennifer L. Klein/OPD/EOP, Elena Kagan/OPD/EOP

cc: Nicolette Highsmith/OMB/EOP
Subject: Revised Hyde Language -- I'll Call you

Hyde Amendment prohibition on Medicaid payment for abortion services

We understand that an amendment may be made in order ...to include a prohibition on the purchase of health benefit coverage that includes abortion. The President believes that abortion should be safe, legal, and rare. However, the amendment would codify and limit the range of conditions under which a woman's health would permit access to abortion. For this reason, the Administration prefers the substitute offered by Mrs. Lowey, which would maintain the limitation as it exists in current law. The amendment could also be construed to curtail the availability of State-only and privately funded abortion services. Most States purchase health coverage for Medicaid beneficiaries from managed care organizations (MCOs). This amendment could be construed as prohibiting state from contracting with MCOs that offer abortion services to any woman, even using private or State funds. The Administration opposes this attempt to constrain further the availability of abortion services and strongly urges the House not to adopt the Hyde amendment.

Senate
1. Child. health fund - $16/24 B can't be used for abortion.

House - also option for states to purchase family coverage. Wd also deny adult woman abortion -- this wld now be permanent. Want 1 yr, not permanent.

Marma & NA → dream solution - approp. each yr.

2. Senate managed care
Med. nec. → does not include abortion. Congress defines med. nec. for first time
Naral thinks this is worst.

3. Conscience clause in both bills. Broader than it needs to be. NARAL won't push.
"Plan doesn't have to provide abortion, if don't want to." Language in → state has to.

Joe Blum 973-3003
NARAL

Planned Parenthood - Helen Howell

Karen Nelson

Nita Lowey's office

Who offered am. that didn't

Bridget - Who work it out with?

Tom —
Could you do a response for this? I believe there's language in the most recent Raines letter. Thanks
Elena

THE WHITE HOUSE

WASHINGTON

June 30, 1997

MEMORANDUM FOR BRUCE REED

FROM: **SUSAN BROPHY**
LEGISLATIVE AFFAIRS

SUBJECT: **PRESIDENTIAL CORRESPONDENCE**

Enclosed please find a copy of the letter that was sent to the President from Rep. Nita Lowey (D-NY) and others.

I do not believe this letter requires a Presidential response at this time. Please review the attached material and respond directly to the Member(s) of Congress, forwarding copies to the Office of Legislative Affairs, attention Chris Walker.

Thank you very much for your assistance in this matter. If you have any questions, please feel free to call Chris at 456-7500.

Enclosure

Congress of the United States

Washington, DC 20515

June 23, 1997

DPC

The Honorable William Jefferson Clinton
The White House
Washington, D.C. 20500

Dear Mr. President:

We are writing to urge you to insist that the GOP leadership remove restrictions currently contained in the reconciliation legislation on the use of federal funds for abortion services. Punitive restrictions on the access of American women to abortion services must not be included in this budget bill.

We are very concerned that the House Commerce Committee included a restriction in the Children's Health Initiative that will prevent funds in the bill from being used for abortion except in cases of rape or incest or to save the life of the pregnant woman. The Senate Finance Committee attached the same restriction to the entire Medicaid program in addition to the Children's Health Initiative.

While restrictions on the use of federal Medicaid funds for abortion services have been approved each year during the annual appropriations process since 1977, the pending reconciliation legislation would make these restrictions permanent for the first time. That is unacceptable. This permanent restriction would prevent millions of lower-income women from obtaining medically necessary reproductive health services and would permanently create a two-tiered system of health care.

Restrictions on the right to choose have no place in this reconciliation legislation and we urge you to insist on their removal.

Sincerely,

Nita M. Lowey
Member of Congress

Henry Waxman
Member of Congress

Eleanor Holmes Norton
Member of Congress

Diana DeGette
Member of Congress

John Baldacci

William Delahunt

Ellen Tauscher

Carolyn B. Maloney

Cal Dooley

Earl Blumenauer

Walter Capps

Tom Allen

Cynthia McKinney

Corrine Brown

Darlene Hooley

Sam Gejdenson

Lydia M. Velázquez

Neil Abercrombie

Sam Farr

David Skaggs

John W. Olver

Maurice Hinchey

Lloyd Doggett

Bobby L. Rush

Pat Danner

Zoe Lofgren

Elizabeth Furse

Anna Eshoo

Bob Filner

Jane Harman

Frank Pallone, Jr.

Sheila Jackson Lee

Lynn Woolsey

Rosa L. DeLauro

Carolyn Kilpatrick

[illegible]

Maxine Waters

Robert E. A[illegible]

Marty Meehan

John Conyers Jr.

Ronald V. Dellums

Donald M. Payne

Sidney R. Yates

Martin Frost

Edward J. Markey

George E. Brown, Jr.

Pete DeFazio

Eliot L. Engel

Patsy T. Mink

Robert T. Matsui

Bernard Sanders

Martin O. Sabo

George Miller

Louise M. Slaughter

Barney Frank

Nancy Pelosi

Charles E. Schumer

Robert E. Andrews

[illegible]

Jerrold Nadler

Vic Fazio

Barbara B. Kennelly

Howard L. Berman

Gary L. Ackerman

Juanita Millender-McDonald

Lane Evans

David Price

Alcee L. Hastings

José E. Serrano

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
LEGISLATIVE AFFAIRS

PHONE: 395-4790 / FAX: 395-3729

TO: Jennifer Klein

DATE: 7/7

FROM:

____ CHUCK KIEFFER ____ CHUCK KONIGSBERG

____ LISA KOUNTOUPES ✓ ALICE SHUFFIELD

____ KATE DONOVAN ____ NANCY BRANDEL

Comments: Per your request —
Here is the 1st 2 pgs of the letter, & the "Hyde amendment" section on pg 10 of the attachment
Best of Luck — Alice

FAX #: 6-2878 PAGES: 4
PHONE NUMBER: (includes cover page)

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

THE DIRECTOR

July 2, 1997

The Honorable John R. Kasich
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

As the Conferees begin to consider this year's budget reconciliation bill, I am writing to transmit the Administration's views on the House and Senate versions of the spending bill on reconciliation, H.R. 2015. The Administration will separately transmit its views on the tax provisions.

We are pleased that the House and Senate adopted many provisions that are consistent with the Bipartisan Budget Agreement, reflecting the continuing bipartisan cooperation that we will need to fully implement the agreement and balance the budget. In several areas, however, the House and Senate bills violate the agreement. In other areas outside the scope of the agreement, we have very strong concerns about the reported provisions. We have raised a number of these issues in letters to you and to the authorizing committee chairmen and ranking members throughout House and Senate consideration of the separate reconciliation spending bills.

On the pages that follow, we have outlined noteworthy provisions of the House and Senate bills with which we agree, others that we believe violate the budget agreement, and still others about which we have concerns.

We expect and will insist that the final budget legislation conform to the budget agreement. In addition, we look forward to working with you to craft a final conference report that is free of objectionable provisions, resolves the other major policy differences between us, and balances the budget by 2002 in a way that we can all be proud of. We hope to meet that goal before the August recess.

We look forward to working with you.

Sincerely,

Franklin D. Raines
Director

Enclosure

cc: Senate Conferees
House Committee Chairmen and Ranking Members

Identical letter sent to Honorable Pete V. Domenici,
Honorable John M. Spratt Jr., and Honorable Frank R. Lautenberg

Funding Structure. We support the straightforward funding structure of the House bill. But its proposal for different matching rates for Medicaid and the grant option could discourage States from choosing Medicaid. We believe Medicaid is a cost-effective approach to covering low-income children, and we support using the same matching rates for both options. In addition, we support the House provision that gives States the flexibility to spend their grant money on Medicaid, a grant program, or a combination of the two. The Senate bill requires States to choose between Medicaid and a grant option.

Eligibility. The Senate bill includes a ceiling of 200 percent of poverty. We agree that the funds should first go for insurance coverage for low-income uninsured children, but we believe income ceilings would limit States' flexibility to design programs that best fit their needs.

Use of Funds. We want to ensure that the investment in children's health goes to cover children who currently lack insurance, rather than replace existing public or private funds for children's health insurance. Thus, we support a strong maintenance of effort provision and the prohibition on using provider taxes and donations to fund the State share of the program. In addition, we want to ensure that the funds are used in the most cost-effective manner to provide coverage to as many children as possible. Therefore, we do not support provisions that allow States to pay for family coverage or pay the employee's share of employer sponsored insurance.

Expansion of the "Hyde Amendment"

Both the House and Senate bills would expand the Hyde Amendment prohibitions on Medicaid payment for abortion services to include spending on the children's health initiative, and to codify these prohibitions in permanent law. This provision could deny access to abortion services to poor women to the extent that States choose to use the children's health funding to offer family coverage, as the House bill would permit. As we have repeatedly said, we do not support limiting access to medically necessary benefits, including abortion services.

In addition, the Senate bill contains a provision that redefines the term "medically necessary services" in the context of managed care sanctions to exclude abortion services except under certain circumstances. We oppose this attempt to further constrain the availability of abortion services through this provision, and we strongly urge the Conferees not to begin writing into the Medicaid law permanent, restrictive definitions of what are "medically necessary" services -- an issue that is more appropriately decided by health professionals.

Barbara E. Washington

09/03/97 04:55:03 PM

Record Type: Record

To: Jennifer L. Klein/OPD/EOP

cc: Joshua Gotbaum/OMB/EOP, Barry T. Clendenin/OMB/EOP, Mark E. Miller/OMB/EOP
Subject: Revised Abortion Language for the L/HHS SAP - Clearance Requested

This is the language that is in the current SAP for the House Labor/HHS bill. Josh asked us to double check with you that you agree with this language for inclusion in the SAP. Please let us know ASAP this afternoon if this language is acceptable.
Thank you.

---------------------- Forwarded by Barbara E. Washington/OMB/EOP on 09/03/97 05:27 PM ---------------------------

Barbara E. Washington

08/08/97 05:00:53 PM

Record Type: Record

To: Jennifer L. Klein/OPD/EOP

cc: See the distribution list at the bottom of this message
Subject: Revised Abortion Language for the L/HHS SAP - Clearance Requested

The language below is draft language that could be included in the Labor/HHS Appropriations Bill SAP in response to the Lowey/Hyde compromise abortion language. The compromise amendment was published in the July 31 Congressional Record.

The draft language states that we are pleased that the amendment includes clarification that the limits on managed care do not affect the ability or states or private people from using their own funds for abortion services. The draft language still includes the Administration's opposition to limiting the range of conditions under which a woman's health would permit access to abortion.

If you have any problems with the draft language or suggested edits, please call Josh Gotbaum.

Thanks

Language Proposed for inclusion in the L/HHS SAP:

"An amendment has been made in order that would include a prohibition on the purchase of health benefit coverage that includes abortion. The President believes that abortion should be safe, legal, and rare. However, the amendment would not only maintain, but further limit the range of conditions under which a woman's

health would permit access to abortion. Furthermore, it would require a physician to make a legal determination that these conditions have been met. The Administration opposes this attempt to constrain further the availability of abortion services and strongly urges the House not to adopt the amendment. The Administration believes that it is important that any legislation in this area be clear that limitations on the use of Federal funds to provide abortion services under managed care plans do not affect in any way the ability of states to provide such coverage using their own funds, nor the ability of managed care providers to participate in Federally-funded programs while also offering other coverage paid for by state or private funds. We are pleased that the amendment includes this clarification."

Message Copied To:

Elena Kagan/OPD/EOP
FOLEY_M @ A1 @ CD @ LNGTWY
Joshua Gotbaum/OMB/EOP
Barry T. Clendenin/OMB/EOP
Thomas Reilly/OMB/EOP
Mark E. Miller/OMB/EOP

Date:___________

FAX

Health Division

Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503

To: Jen Klein
Fax:
Phone:

From: Greg White

Number of Pages (not including cover): 7

Subject: Here is the ~~text~~ language of the amendments that will be offered related to Family Planning and Hyde. Please let us know if you would want to change the SAP text at all based on this language. We just received it 5 minutes ago.

Please call if there are any problems with this transmission:

Health Division (Front Office)	202/395-4922
Health & Human Services Unit	202/395-4925
Health Programs & Services Branch	202/395-4926
Health Financing Branch	202/395-4930

Fax Numbers:

Health Division (Front Office)	202/395-3910
Health Division (Room 7001)	202/395-7840

7/29

To: Gregg

From: Noah

X53910

copy: MM, RT, NH, BW
DS: 6W

AMENDMENT TO H.R. 2264

OFFERED BY MR. ISTOOK

At the end of title II, insert after the last section (preceding the short title) the following section:

SEC. ____. (a) Notwithstanding any other provision of law, no provider of services under title X of the Public Health Service Act shall be exempt from any State law requiring notification or the reporting of child abuse, child molestation, sexual abuse, rape, or incest.

(b) None of the funds appropriated in this Act or any other Act for any fiscal year may be made available to any provider of services under title X of the Public Health Service Act if such provider knowingly provides contraceptive drugs or devices to a minor, unless—

(1) the minor is emancipated under applicable State law;

(2) the minor has the written consent of a custodial parent or custodial legal guardian to receive the drugs or devices;

(3) a court of competent jurisdiction has directed that the minor may receive the drugs or devices; or

(4) such provider of services has given actual written notice to a custodial parent or custodial legal guardian of the minor, notifying the parent or legal guardian of the intent to provide the drugs or devices, at least five business days before providing the drugs or devices.

(c) Each provider of services under title X of the Public Health Service Act shall each year certify to the Secretary of Health and Human Services compliance with this section. Such Secretary shall prescribe such regulations as may be necessary to effectuate this section.

SUBSTITUTE OFFERED BY Mr. Porter

FOR THE AMENDMENT OFFERED

BY ________________

[This substitute concerns family planning projects under title X of the Public Health Service Act. The substitute is for any amendment that would require parental consent, or parental notification, for minors to receive the services of the projects.]

At the end of title ____ of the bill, insert after the last section (preceding the short title) the following section:

SEC. ____. None of the funds appropriated in the Act may be made available to any entity under title X of the Public Health Service Act unless the applicant for the award certifies to the Secretary that it encourages family participation in the decision of minors to seek family planning services and that it provides counseling to minors on how to resist attempts to coerce minors into engaging in sexual activities.

2

Amendment to H.R. 2264, As Reported Labor, HHS, and Education Appropriations Bill, 1998

Offered by Mr. Hyde of Illinois

Page 94, strike lines 16 through 21 and insert the following (and redesignate the succeeding sections accordingly):

SEC. 508. (a) None of the funds appropriated under this Act shall be expended for any abortion.

(b) None of the funds appropriated under this Act shall be expended for health benefits coverage that includes coverage of abortion.

SEC. 509. (a) The limitations established in the preceding section shall not apply to an abortion—

(1) if the pregnancy is the result of an act of rape or incest; or

(2) in the case where a woman suffers from a physical disorder, physical injury, or physical illness, including a life-endangering physical condition caused by or arising from the pregnancy itself, that would, as certified by a physician, place the woman in danger of death unless an abortion is performed.

(b) Nothing in the preceding section shall be construed as affecting the expenditure by a State or private person of State or private funds (other than a State's contribution of Medicaid matching funds).

Substitute Offered by Mrs. Lowey of New York For the Amendment Offered by Mr. [Hyde]/[Wolf] To H.R. 2264, As Reported

Page 94, strike lines 16 through 21 and insert the following (and redesignate the succeeding sections accordingly):

SEC. 508. (a) None of the funds appropriated under this Act shall be expended for any abortion.

(b) None of the funds appropriated under this Act shall be expended to contract with any health plan for the provision of abortion.

SEC. 509. (a) The limitations established in the preceding section shall not apply to an abortion when such an abortion is necessary to save the life of the mother or when the pregnancy is the result of an act of rape or incest.

(b) Nothing in the preceding section shall be construed as affecting the expenditure by a State or private person with State or private funds (other than a State's contribution of Medicaid matching funds).

Wm G. White 07/29/97 10:38:13 AM

Record Type: Record

To: Elena Kagan/OPD/EOP, Jennifer L. Klein/OPD/EOP

cc: See the distribution list at the bottom of this message

Subject: URGENT: Review of L/HHS SAP on Family Planning and Hyde Amendments

Josh Gotbaum asked that we coordinate with you how the House Rules SAP for the L/HHS appropriations bill should read with regard to family planning and "Hyde" abortion issues. We need your response by noon today. Please call me (Greg White) at 5-7791 or Richard Turman 5-4926 with questions and or your response.

We understand that the House Rules Committee met last night and adopted a rule that makes the amendments below in order. We wanted to check with you to see if you would like to modify the current draft SAP text given the House Rules Committee action regarding the Amendments below. The FY 1998 Labor/HHS/Ed Appropriations bill is scheduled for debate on the House Floor TOMORROW.

Amendments In Order for House Floor L/HHS Debate

- A Hyde amendment that expands the existing Hyde limitation on abortion funding to prohibit HMO financing of abortion. The language appears to also prohibit State or private financing of abortions by HMOs participating in the Medicaid program.
- A Lowey substitute that clarifies the existing Hyde limitation on abortion financing by prohibiting the use of federal funds by HMOs for abortion services.
- An Istook amendment that requires written consent or proof of actual notice from a parent or guardian (five days in advance) before a minor could receive contraceptive drugs or devices at a Title X clinic. Provides for the alternative of court consent if parent's consent cannot be obtained. Limitations do not apply to family planning counseling. Requires that staff at Title X clinics comply with State and local reporting requirements on evidence of child abuse, molestation, sexual abuse, rape, or incest.
- A Porter substitute that essentially restates current law while clarifying that Title X grantees encourage family involvement and counsel minors on how to resist coercive sexual activity.

The draft SAP that was sent around yesterday had the text below for Family Planning and Hyde issues. Please let us know how/if you would like to modify the draft language below. (We will obviously update the letter to reflect that House Rules has now made these amendments in order.)

HYDE LANGUAGE IN CURRENT DRAFT SAP

"We understand that an amendment may be made in order that would expand the current "Hyde Amendment" prohibition on Medicaid payment for abortion services to include a prohibition on the purchase of health benefit coverage that includes abortion. The President believes that abortion should be safe, legal, and rare. We believe that the amendment could curtail the availability of State-only and privately funded abortion services. Most States purchase health coverage for Medicaid beneficiaries from managed care organizations (MCOs). Under this amendment, States may be prohibited from contracting with MCOs that offer abortion services to any woman, even using private or State funds. This provision could limit States' ability to negotiate contracts with providers, limiting access to quality care for Medicaid beneficiaries. This prohibition could also limit States' flexibility to purchase abortion services with their own funds and may even have the effect of causing MCOs to drop all coverage of abortion services for women with private health insurance so the MCO may continue to participate in the Medicaid program. The Administration opposes this attempt to constrain further the availability of abortion services and strongly urges House not to adopt this amendment."

FAMILY PLANNING LANGUAGE IN CURRENT DRAFT SAP

"The Administration supports efforts to encourage minors to discuss their health care needs with their families. However, it would oppose a potential amendment on the House floor requiring parental consent for minors to receive reproductive health services in Title X Family Planning clinics. Mandating parental consent could discourage sexually active minors from seeking health care and reproductive counseling services and thus lead to more unwarranted pregnancies, more abortions and more sexually transmitted diseases, including HIV, among our nation's youth. As an alternative, the Administration supports the amendment adopted in Committee that requires clinics to certify that they encourage family participation in the decision of minors to seek family planning services and provide counseling to minors on resisting attempts to coerce minors into engaging in sexual activities."

all

[illegible] minors

Message Copied To:

Joshua Gotbaum/OMB/EOP
Lois E. Altoft/OMB/EOP
Richard J. Turman/OMB/EOP
Mark E. Miller/OMB/EOP
Barbara E. Washington/OMB/EOP

Date: 7/17

FAX

Health Division

Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503

To: Jennifer Klein
Fax:
Phone:

From: Bonnie Washington

Number of Pages (not including cover): 3

Subject: L/HHS appropriations language on abortion from Mark Miodusk. Josh Gotbaum asked us to fax this to you. Please call 5-7788 if you have any questions.

Please call if there are any problems with this transmission:

Health Division (Front Office)	202/395-4922
Health & Human Services Unit	202/395-4925
Health Programs & Services Branch	202/395-4926
Health Financing Branch	202/395-4930

Fax Numbers:

Health Division (Front Office)	202/395-3910
Health Division (Room 7001)	202/395-7840

SENT BY:Xerox Telecopier 7020 ; 7-17-97 ;10:03AM ; 3957289→ 62878;# 2
FILE No. 809 07/16 '97 12:13 ID: PAGE 1

COMMITTEE ON APPROPRIATIONS
MINORITY STAFF
1016 LONGWORTH HOB
WASHINGTON, DC 20515

Telephone: (202)225-3481
Facsimile: (202)225-9476

FAX COVER SHEET

62878

TO: Barry Clendenin

FAX #: 395 3910

FROM: Mark Miodulski

DATE:

PAGES (including cover):

Comments:

Urgent

BW
See

The authors intention is to close the loophole where Medicaid funded abortions could occur in managed care plans.
What is the impact of this language?
What are any unintended consequences?
What is the bill language fix?

What is the Administration policy call on the amendment?

One concern raised – it prevents states from placing Medicaid recipients in any plan that performs abortions, & prevents any federal funds from going to a plan that performs abortion – which is a policy shift from the current ban which follows the individual under fee for service to a ~~plan wide~~ ban on the whole plan! That would discourage plans from offering abortion services to both medicaid & privately insured individuals.

Amendment to Labor, HHS, and Education Appropriations Bill, 1998

Offered by ____________________

Strike section ____ (relating to restriction on use of funds to perform abortions) and insert the following sections:

SEC. ____. None of the funds appropriated under this Act shall be expended to pay for any abortion or to assist in the purchase, in whole or in part, of health benefit coverage that includes coverage of abortion.

SEC. ____. The limitation established in the preceding section shall not apply to an abortion—

(1) if the pregnancy is the result of an act of rape or incest; or

(2) in the case where a woman suffers from a physical disorder, physical illness, or physical injury that would, as certified by a physician, place the woman in danger of death unless an abortion is performed.

TIME OF TRANSMISSION

TIME OF RECEIPT

WHITE HOUSE SITUATION ROOM

PRECEDENCE: IMMEDIATE
PRIORITY
ROUTINE

RELEASOR: [handwritten initials]
18 JUL '97 21:27
DTG:

MESSAGE NO.:

CLASSIFICATION: UNCLASSIFIED BUT SENSITIVE

TOTAL: 4 PAGES INCLUDING COVERS

FROM: Staff Secretary (NAME) 202 / 456-2702 (PHONE NUMBER) G Fl WW (ROOM NO.)

MESSAGE DESCRIPTION: Package for Jennifer Klein forwarded at the request of Lois Altoff

TO (AGENCY)	DELIVER TO	DEPT/ROOM NO.	PHONE NUMBER
	JENNIFER KLEIN	FAX # 1-441-236-1876	1-441-236-2233

REMARKS:

NO.718 P.1

JUL.18.1997 9:26PM WHSR 01

July 18, 1997

Health Division

Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503

Please route to:
Joshua Gotbaum

Through:
Barry Clendenin BC
Mark Miller MM

ACTION REQUESTED:

____ *Decision or Approval*
____ *Please sign*
____ *Per your request*
____ *Please comment*
____ *For your information*

TIME SENSITIVITY:

________ *Urgent*
________ *ASAP*
Time Action Requested by ______
Not Time-Sensitive ______

TYPE OF DELIVERY:

HOTBOX ____ *OVERNIGHT* ____ *Attached cc:* __

With informational copies for:
HD Chron, HFB Chron

Subject: **DRAFT Paragraph on Abortion for the Labor/HHS SAP**

From: Bonnie Washington BW

Phone: 202/395-4922
Fax: 202/395-3910
Room: NEOB #7025

You asked us to analyze the effect of the "Hyde Amendment" language that may be offered as an amendment to the Labor/HHS Appropriations Bill. You indicated that you wanted to fax the information to Jennifer Klein for her review. We thought you would want to write a cover note for the fax to Jennifer. Ben (from Jennifer's office) will fax the information to Jennifer in Bermuda once you are finished writing the note. Ben's fax number is 6-7028.

Attached is: 1) the legislative language for the proposed amendment and 2) a draft paragraph opposing the amendment for inclusion in the Labor/HHS SAP.

The comments in the paragraph reflect our preliminary understanding of the effect of the amendment. HHS General Counsel is also analyzing the amendment. We expect they will complete their analysis later today, and the draft paragraph may change if they have different views.

Please give me a call (5-7788) if you have any questions.

Amendment to Labor, HHS, and Education Appropriations Bill, 1998

Offered by _______________

Strike section ____ (relating to restriction on use of funds to perform abortions) and insert the following sections:

SEC. ____. None of the funds appropriated under this Act shall be expended to pay for any abortion or to assist in the purchase, in whole or in part, of health benefit coverage that includes coverage of abortion.

SEC. ____. The limitation established in the preceding section shall not apply to an abortion—

(1) if the pregnancy is the result of an act of rape or incest; or

(2) in the case where a woman suffers from a physical disorder, physical illness, or physical injury that would, as certified by a physician, place the woman in danger of death unless an abortion is performed.

DRAFT Abortion paragraph for the L/HHS Appropriations SAP

We understand that an amendment may be offered in full committee that would expand the current "Hyde Amendment" prohibition on Medicaid payment for abortion services to include a prohibition on the purchase of health benefit coverage that includes abortion. The President believes that abortion should be safe, legal, and rare. We believe that the amendment could curtail the availability of State-only and privately funded abortion services. Most States purchase health coverage for Medicaid beneficiaries from managed care organizations (MCOs). Under this amendment, States may be prohibited from contracting with MCOs that offer abortion services to any woman. This provision could limit States' ability to negotiate contracts with providers, limiting access to quality care for Medicaid beneficiaries. This prohibition could also limit States' flexibility to purchase abortion services with their own funds and may even have the effect of causing MCOs to drop all coverage of abortion services for women with private health insurance so that they may continue to participate in the Medicaid program. The Administration opposes this attempt to further constrain the availability of abortion services and strongly urges Congress not to adopt this amendment.

Elena --
For some reason, I'm struggling with this. Does it look okay to you?
Jen

July 17, 1997

[ ]

Dear :

The President asked me to respond to your June 23 letter about permanent restrictions in the reconciliation legislation on the use of federal funds for abortion services.

We very much want to work with you to ensure that the reconciliation legislation does not include a permanent restriction on abortion funding, which could deny abortion services to poor women. We also hope to work with you on the provision in the Senate bill that redefines the term "medically necessary services" in the context of managed care sanctions to exclude abortion services except under certain circumstances. As you know, we strongly oppose both of these provisions. Good to add this?

ok? ok?

It is simply unacceptable to deny poor women access to medically necessary benefits, including abortion services. We look forward to continuing to work with you.

Sincerely yours,

Bruce Reed
Assistant to the President
for Domestic Policy

Jen - OK - sounds right. Elena

P.S. I talked to Janet. She thinks we shouldn't respond now. I agree. She thinks we should wait to see how it's going to be resolved in conference. She (and I) also think a letter should come from the President when we're ready.

P.P.S. She also brought me up to speed on our position i.e. we've conceded on children's health restriction, but are fighting for "medically necessary." I assume that that is also your understanding.

July 17, 1997

[ ]

Dear :

The President asked me to respond to your June 23 letter about permanent restrictions in the reconciliation legislation on the use of federal funds for abortion services.

We very much want to work with you to ensure that the reconciliation legislation does not include a permanent restriction on abortion funding, which could deny abortion services to poor women. We also hope to work with you on the provision in the Senate bill that redefines the term "medically necessary services" in the context of managed care sanctions to exclude abortion services except under certain circumstances. As you know, we strongly oppose both of these provisions.

It is simply unacceptable to deny poor women access to medically necessary benefits, including abortion services. We look forward to continuing to work with you.

Sincerely yours,

Bruce Reed
Assistant to the President
for Domestic Policy