

FY 2000 BUDGET AMENDMENTS

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

HIS REQUESTS FOR FY 2000 BUDGET AMENDMENTS FOR THE DEPARTMENTS OF COMMERCE, DEFENSE, JUSTICE, STATE, AND TRANSPORTATION, PURSUANT TO 31 U.S.C. 1107



JUNE 8, 1999.—Referred to the Committee on Appropriations and ordered to be printed

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THE WHITE HOUSE,
Washington, June 8, 1999.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I ask the Congress to consider the enclosed requests for FY 2000 budget amendments for the Departments of Commerce, Defense, Justice, State, and Transportation. The requested FY 2000 funding increases are offset fully and these amendments will not diminish the FY 2000 surplus.

Included in this transmittal is a request for \$1.7 billion in additional funding for implementation of the decennial census. This funding will support the increased activities made necessary by the January 25, 1999, U.S. Supreme Court ruling. Although proceeding with a non-sampling census for purposes of congressional apportionment will increase our costs substantially, it unfortunately will produce less accurate results than the sampling method I support.

I am also requesting \$264 million for the Department of State in FY 2000 to enhance security at U.S. diplomatic facilities overseas. In addition, I ask the Congress to provide additional resources of \$150 million per year for this purpose in FYs 2001–2004.

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

Sincerely,

WILLIAM J. CLINTON.

Enclosure.

Estimate No. 18
106th Congress, 1st Session



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

June 8, 1999

THE DIRECTOR

The President

The White House

Submitted for your consideration are budget amendments for FY 2000 for the Departments of Agriculture, Defense, Justice, State, and Transportation. The requested funding increases are offset fully by other proposed revisions to your FY 2000 Budget.

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

Department of Commerce

- An increase of \$1,723 million is requested for non-sampling activities associated with the decennial census operation. In light of the January 25, 1999, Supreme Court ruling, statistical sampling may not be used in Census 2000 to determine the population counts for purposes of reapportioning Congressional seats. The funds requested in this amendment will support additional staff, equipment, and space, as well as additional promotion and advertising efforts. Specifically, the amendment would provide the resources necessary to conduct non-response follow up at an additional 16 million housing units, representing an increase of 50 percent over the previous census design. In addition, field work for non-response follow up will take 10 weeks to complete, four weeks more than expected in the previous census design. Total FY 2000 funding for the decennial census is \$4.5 billion.
- An increase of \$60 million is requested in support of the Pacific Salmon Treaty between Canada, the United States, Alaska, Washington State, Oregon, and two groups of treaty tribes. Of the total requested, \$10 million would finance a Northern General Fund; \$10 million would finance a Southern General Fund; and, \$20 million would finance a Southern Fund for Capacity Reduction. The purpose of the Northern and Southern General Funds is to provide for research, habitat restoration, and fish enhancement. The Southern Fund for Capacity Reduction would be devoted to boat buy-backs and other capacity reduction activities in Washington State to help reduce the catch of Fraser River (Canada)-origin sockeye salmon caught by Washington State's fishing fleet. In addition, \$20 million would be provided to Alaska for hatcheries to enhance chinook and coho salmon runs.

Department of Justice

- A total of \$230 million in additional resources is proposed for the Immigration and Naturalization Service's (INS) detention program. This funding will help ensure that INS is capable of meeting statutory mandatory detention requirements and provide detention space to support other INS enforcement operations. The proposal would fund 600 new beds for a total of approximately 19,000 detention beds in FY 2000 and would support 370 additional detention and deportation staff to support these beds. Also included in this proposal are resources to begin implementing detention standards, which will ensure safe, secure, and humane conditions for aliens held in INS, private contract, and State and local detention facilities.
- Reductions in other Department of Justice activities and a proposal to increase receipts would be used to offset the increase requested for INS. Specifically, \$110 million in receipt revenues would be derived from a proposal to allow an eligible individual who has a current immigration visa number available, but who is unlawfully in the United States, to remain in the country and adjust his or her status upon payment of a \$1,000 penalty. In addition, \$30 million is available to be transferred from the Crime Victims Fund due to the availability of substantial additional resources from two antitrust-related fines imposed since the budget was transmitted to the Congress. A reduction of \$70 million in Federal Prison funding is proposed due to the availability of unobligated balances and \$20 million would be reallocated within INS activities.

Department of State

- An increase of \$264 million in FY 2000 is requested for construction of secure diplomatic facilities overseas, providing a total program level of \$300 million. This program level will support the full construction costs of four new diplomatic facilities and will allow for the purchase of sites and design at five to eight additional posts.
- A proposal is also included that would increase -- by \$150 million in each year -- the request for advance appropriations for embassy construction in FYs 2001-2004. In total, this \$600 million increase would support a sustained commitment to the embassy security program.

Department of Transportation

- A total of \$60 million in advance appropriations is proposed for FYs 2001-2003 to renovate the James A. Farley Post Office building in New York City as a train station and commercial center. The resources requested -- \$20 million in each year -- would fulfill the Federal Government's financing commitment for this project.

Department of Defense

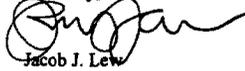
- A technical language amendment is proposed that would simplify the accounting of the Chemical Stockpile Emergency Preparedness Program (CSEPP) between the Department of Defense (DOD) and the Federal Emergency Management Agency (FEMA). The off-post program is currently managed by FEMA but reimbursed by DOD. This proposal would replace the reimbursable program with a transfer of budget authority. The proposed budget totals would not be affected by this amendment.

In addition to the Department of Justice reductions described above, other proposed revisions to the FY 2000 Budget would offset the FY 2000 funding increases in this transmittal. These additional offsets total \$2.0 billion and include the following:

- A modification of the estimated tax "safe harbor" for individuals. This proposal to increase the prior-year safe harbor percentage for higher income taxpayers from 106 percent to 109 percent will be transmitted to the Congress under separate cover. This proposal is estimated to increase FY 2000 receipts by \$1.8 billion. A similar provision was included as an offset in the tax chapter of the FY 1999 Omnibus Consolidated and Emergency Supplemental Appropriations Act.
- A revision to the Welfare-to-Work program that postpones to FY 2001 some of the program's financing. The estimate in the budget for Welfare-to-Work State formula and performance grants would be reduced by \$250 million. The shift reflects existing delays in obligating the FY 1998 and FY 1999 formula grants at the Federal level; slower than anticipated State spending; and, the fact that States have three years to spend their FY 1998 and FY 1999 formula grants.
- An increase to savings proposals for the Federal Family Education Loan program. The FY 2000 Budget contained several pay-as-you-go proposals, totaling \$2.4 billion, related to student loans. Of this amount, \$1.7 billion was designated to be used as offsets for discretionary spending. These discretionary offsets would now be increased by \$250 million.

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

Sincerely,



Jacob J. Lew
Director

Enclosures

Agency: DEPARTMENT OF COMMERCE
 Bureau: BUREAU OF THE CENSUS
 Heading: Periodic Censuses and Programs
 FY 2000 Budget
 Appendix Page: 198
 FY 2000
 Pending Request: \$2,914,754,000
 Proposed Amendment: \$1,723,000,000
 Revised Request: \$4,637,754,000

(In the appropriations language under the above heading, delete "\$2,789,545,000" and substitute \$4,512,545,000.)

On January 25, 1999, the Supreme Court ruled that statistical sampling could not be used in Census 2000 to determine the population counts for purposes of reapportioning Congressional seats. Therefore, additional funds are needed for non-sampling activities in the decennial census.

This amendment provides funds for field data collection and infrastructure; coverage improvement operations; the telephone questionnaire assistance program; and, advertising and promotion efforts. Specifically, the temporary field staff associated with the increased workload will now peak at 860,000. Additional staff, equipment, and space are necessary for the 520 Local Census Offices and 12 regional census centers. The funds requested in this amendment will provide the resources necessary to conduct non-response follow-up at an additional 16 million housing units, an increase of 50 percent over the previous census design. In addition, field work for non-response follow-up will take 10 weeks to complete, four weeks more than expected in the previous census design. Funds also are provided for information technology support in the four data capture centers to handle the increased processing volume, and for additional promotion and advertising efforts associated with this massive statistical operation.

This proposal would increase FY 2000 outlays by \$1,447 million.

Agency: DEPARTMENT OF COMMERCE

Bureau: NATIONAL OCEANIC AND ATMOSPHERIC
ADMINISTRATION

Heading: Pacific Coastal Salmon Recovery

FY 2000 Budget
Appendix Page: 212

FY 2000
Pending Request: \$100,000,000

Proposed Amendment: \$60,000,000

Revised Request: \$160,000,000

(In the appropriations language under the above heading, insert the language that follows as a new paragraph at the end.)

In addition, to implement the 1999 Pacific Salmon Agreement and related appendixes (the "1999 Agreement") between the United States and Canada, and consistent with the terms thereof, \$60,000,000 to be available as follows: (1) \$10,000,000 for a grant to provide the initial capital for a Northern Boundary and Transboundary Rivers Restoration and Enhancement Fund (the "Northern Fund"), to be held by the Pacific Salmon Commission (the "PSC") and administered jointly with Canada according to a trust agreement to be entered into by the United States and Canada, for the purposes of research, habitat restoration, and fish enhancement to promote abundance-based, conservation-oriented fishing regimes; (2) \$10,000,000 for a grant to provide the initial capital for a Southern Boundary Restoration and Enhancement Fund (the "Southern Fund"), to be held by the PSC and administered jointly with Canada according to a trust agreement to be entered into by the United States and Canada, for similar purposes as the Northern Fund; Provided, That amounts provided by grants under subsections (1) and (2) may be held in interest-bearing accounts prior to disbursement of such funds for program purposes, and any interest earned hereafter may be retained for program purposes, without further appropriation by Congress; Provided further, That the Northern Fund and the Southern Fund are subject to the laws governing Federal appropriations and funds, and to circulars of the Office of Management and Budget (OMB), and shall be subject to the audit requirements of OMB Circular Nos. A-110, A-122, and A-133; Provided further, That each recipient of assistance under subsections (1) and (2) keep separate accounts and such records as may be reasonably necessary to disclose the use of the funds, as well as to facilitate effective audits; (3) \$20,000,000 for a capacity reduction program to be administered by Washington State, including boat buy-backs and other capacity reduction measures in Washington State; and, (4) \$20,000,000 for a grant to Alaska for chinook and coho salmon fisheries enhancements.

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This amendment would provide \$60 million to the Department of Commerce to finance the following: a \$10 million Northern Fund and a \$10 million Southern Fund to provide for research, habitat restoration, and fish enhancement consistent with the terms of the 1999 Pacific Salmon Agreement and appendixes. In addition, a \$20 million capacity reduction program is to be devoted to boat buy-backs and other capacity reduction activities in Washington State to help reduce the catch of Fraser River (Canada)-origin sockeye salmon caught by Washington State's fishing fleet. Also, \$20 million would be provided to Alaska to enhance chinook and coho salmon runs.

This proposal would increase FY 2000 outlays by \$60 million.

Agency: DEPARTMENT OF DEFENSE
 Bureau: PROCUREMENT
 Heading: Chemical Agents and Munitions Destruction, Army
 FY 2000 Budget Appendix Page: 286
 FY 2000 Pending Request: \$1,169,000,000
 Proposed Amendment: Language
 Revised Request: \$1,169,000,000

(At the end of the first paragraph in the appropriations language under the above heading, insert the language that follows between "2001" and the period.)

: Provided further, That notwithstanding 10 U.S.C. 2215, of the funds appropriated under this heading, \$75,303,000 shall be transferred to the Federal Emergency Management Agency, "Defense Chemical Stockpile Emergency Preparedness Program" account by October 31, 1999 to provide off-post emergency response and preparedness assistance to the communities surrounding the eight continental United States chemical agent storage and disposal sites: of which \$32,209,000 shall be derived from Operation and maintenance, and \$43,094,000 shall be derived from Procurement

(At the end of the second paragraph in the appropriations language under the above heading, insert the language that follows between "2002" and the period.)

: Provided, That notwithstanding 10 U.S.C. 2215, of the funds provided under this heading, to become available on October 1, 2000, \$39,455,000 shall be transferred to the Federal Emergency Management Agency, "Defense Chemical Stockpile Emergency Preparedness Program" account by October 31, 2000 to provide off-post emergency response and preparedness assistance to the communities surrounding the eight continental United States chemical agent storage and disposal sites: of which \$32,992,000 shall be derived from Operation and maintenance, and \$6,463,000 shall be derived from Procurement

This proposal would simplify the accounting of the Chemical Stockpile Emergency Preparedness Program (CSEPP) between the Department of Defense (DOD) and the Federal Emergency Management Agency (FEMA). DOD will retain responsibility for the on-post emergency preparedness program. The off-post program is currently managed by FEMA but reimbursed by DOD. This proposal would replace the reimbursable program with a transfer of

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budget authority to a separate new account within FEMA. The purpose and period of availability of the budget authority transferred would remain unchanged. This amendment is consistent with section 1024 of the DOD authorization proposals pending before the Congress and would formalize the working relationship that has developed over the years between FEMA and DOD for the implementation of the CSEPP program.

This amendment would not affect the proposed budget totals.

Agency: DEPARTMENT OF JUSTICE
 Bureau: IMMIGRATION AND NATURALIZATION SERVICE
 Heading: Salaries and Expenses
 FY 2000 Budget
 Appendix Page: 645-646
 FY 2000
 Pending Request: \$2,335,638,000
 Proposed Amendment: \$100,000,000
 Revised Request: \$2,435,638,000

(In the appropriations language under the above heading, delete "\$2,335,638,000" and substitute \$2,435,638,000, of which \$30,000,000 shall be transferred from the Crime Victims Fund from funds derived in fiscal year 1999 pursuant to Public Law 98-473.

In the appropriations language under the subheading "Enforcement and Border Affairs," delete "\$1,800,627,000" and substitute \$1,900,627,000.)

This proposal would increase the FY 2000 funding level for the Immigration and Naturalization Service's (INS) detention program by a total of \$230 million: \$70 million from unneeded Federal Prison System appropriations; \$30 million to be transferred from the Crime Victims Fund; \$20 million reallocated within this account; and, \$110 million from the reinstatement of the 245(i) adjustment of status program -- which allows an eligible individual to adjust his or her immigration status upon payment of a \$1,000 penalty. This amendment would continue funding for detention operations at levels provided by the Central American supplemental and reprogrammed sources in FY 1999. It also funds 600 new beds for a total of approximately 19,000 detention beds in FY 2000 and would provide 370 additional detention and deportation staff to support these beds. Also included in this request are resources to begin implementing detention standards, which will ensure safe, secure, and humane conditions for aliens held in INS, private contract, and State and local detention facilities. The amendment will help ensure that INS is capable of meeting statutory mandatory detention requirements and provide detention space to support other INS enforcement operations.

The proposed transfer of \$30 million from the Crime Victims Fund is made possible by two fines imposed since the budget was submitted to the Congress. A Swiss pharmaceutical firm, F. Hoffmann-La Roche Ltd recently pleaded guilty and agreed to pay a \$500 million criminal fine for leading a worldwide conspiracy to raise and fix prices and allocate market shares for certain vitamins sold in the United States and elsewhere. A German firm, BASF Aktiengesellschaft, will also pay a \$225 million fine for its role in the same antitrust conspiracy.

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These funds will be deposited in the Crime Victims Fund in FY 1999 and will become available for obligation and disbursement in FY 2000. As a result, FY 1999 collections in the Crime Victims Fund are going to exceed substantially the amounts estimated in the FY 2000 Budget. This amendment proposes to transfer \$30 million of the funds collected in FY 1999 to the INS for detention needs in FY 2000. Even after the proposed transfer, FY 1999 collections available for obligation in FY 2000 will be more than \$1.0 billion, compared to the \$375 million estimated in the budget.

This proposal also includes a reallocation of \$20 million from the Border Patrol program to the Detention and Deportation program within this appropriation account. The reallocation reflects reduced annualization costs in FY 2000 from the 1,000 Border Patrol agents expected to be hired in FY 1999. These funds are available because of slower than projected Border Patrol agent hiring.

This amendment would increase FY 2000 outlays by \$80 million.

Agency: DEPARTMENT OF JUSTICE
Bureau: FEDERAL PRISON SYSTEM
Heading: Salaries and Expenses
FY 2000 Budget Appendix Page: 649
FY 2000 Pending Request: \$3,191,928,000
Proposed Amendment: -\$70,000,000
Revised Request: \$3,121,928,000

This amendment reduces the pending request for the Federal Prison System by \$70 million and assumes that \$70 million in unobligated balances will be available and carried forward within the Federal Prison System into FY 2000. This reduction partially offsets the increase in resources proposed for the Immigration and Naturalization Service's detention program in an accompanying budget amendment. In aggregate, the proposed budget totals would not be increased by the Department of Justice budget amendments in this transmittal.

This amendment would decrease FY 2000 outlays by \$60 million.

Agency: DEPARTMENT OF JUSTICE
 Heading: General Provisions -- Department of Justice
 FY 2000 Budget Appendix Page: 662-666
 FY 2000 Pending Request: ---
 Proposed Amendment: Language
 Revised Request: ---

(Insert the language that follows after section 123.)

Sec. 124. Adjustment of Status. -- Section 245(i) (1) of the Immigration and Nationality Act (8 U.S.C. 1255 (i)(1)) is amended by deleting the first sentence and substituting the following:

(1) Notwithstanding the provisions of subsections (a) and (c) of this section, an alien physically present in the United States who --
(A) is present in the United States without being admitted or paroled; or
(B) is within one of the classes enumerated in subsection (c) of this section,
may apply to the Attorney General for the adjustment of his or her status to that of an alien lawfully admitted for permanent residence.

This proposal would remove the expiration date of January 14, 1998, to apply for an adjustment of immigration status under the 245(i) adjustment of status program. This provision would allow an eligible individual who has a current immigration visa number available, but who is unlawfully in the United States, to remain in the country and adjust his or her status upon payment of a \$1,000 penalty. This provision will help ensure that families can remain together and businesses are not disrupted while persons already in the United States go through the immigration process.

This amendment would produce an estimated \$110 million in receipt revenues to be used to fund partially the increase in resources proposed for the Immigration and Naturalization Service's detention program in an accompanying budget amendment. In aggregate, the proposed budget totals would not be increased by the Department of Justice budget amendments in this transmittal.

Agency: DEPARTMENT OF LABOR
Bureau: EMPLOYMENT AND TRAINING ADMINISTRATION
Heading: Welfare-to-Work Jobs
(Legislative proposal)

FY 2000 Budget
Appendix Page: 670

FY 2000
Pending Request: \$1,000,000,000
Proposed Change: -\$250,000,000
Revised Request: \$750,000,000

This revision would adjust a legislative proposal contained in the FY 2000 Budget. The proposal would reduce the estimate contained in the budget for Welfare-to-Work State formula and performance grants by \$250 million. It would have no effect on financing for Welfare-to-Work competitive grants.

The Administration remains committed to an additional \$1 billion for the Welfare-to-Work program. This revision postpones to FY 2001 part of the program's financing. The shift does not have policy effects because of delays in obligating the FY 1998 and FY 1999 formula grants at the Federal level; slower than anticipated State spending; and, the fact that States have three years to spend their FY 1998 and FY 1999 formula grants.

This reduction in mandatory spending would make available a pay-as-you-go savings proposal in the FY 2000 Budget to offset increased discretionary spending proposed in accompanying budget amendments in this transmittal.

Agency: DEPARTMENT OF STATE
Bureau: ADMINISTRATION OF FOREIGN AFFAIRS
Heading: Security and Maintenance of United States Missions
FY 2000 Budget
Appendix Page: 702
FY 2000
Pending Request: \$483,683,000
Proposed Amendment: \$264,000,000
Revised Request: \$747,683,000

(In the appropriations language under the above heading, delete "\$483,683,000" and substitute \$747,683,000, and in the second paragraph, delete all that follows after "until expended:" and substitute fiscal year 2001, \$450,000,000; fiscal year 2002, \$600,000,000; fiscal year 2003, \$750,000,000; fiscal year 2004, \$900,000,000; and fiscal year 2005, \$900,000,000.

This amendment would increase the pending FY 2000 appropriations request for Security and Maintenance of United States Missions by \$264 million. In addition, the proposal increases the request for advance appropriations by \$150 million per year for FYs 2001-2004. These additional funds would be used to accelerate capital acquisition and construction of secure diplomatic and consular facilities overseas.

This proposal would increase FY 2000 outlays by \$79 million.

Agency: DEPARTMENT OF TRANSPORTATION
Bureau: FEDERAL RAILROAD ADMINISTRATION
Heading: Pennsylvania Station Redevelopment Project
FY 2000 Budget Appendix Page: 767
FY 2000 Pending Request: -----
Proposed Amendment: \$20,000,000 (FY 2001)
\$20,000,000 (FY 2002)
\$20,000,000 (FY 2003)
Revised Request: \$60,000,000 (Total advance appropriations)

(Insert the appropriations language that follows under the above heading.)

For necessary expenses for engineering, design, and construction activities to enable the James A. Farley Post Office in New York City to be used as a train station and commercial center, to become available on October 1 of the fiscal year specified and remain available until expended: fiscal year 2001, \$20,000,000; fiscal year 2002, \$20,000,000; fiscal year 2003, \$20,000,000.

This proposal would provide a total of \$60 million in advance appropriations for FYs 2001-2003 to renovate the James A. Farley Post Office building in New York City as a train station and commercial center. This will fulfil the Federal Government's financing commitment for this project.

This amendment would not affect FY 2000 outlays.

MODIFICATION OF INDIVIDUAL ESTIMATED TAX SAFE HARBORS
Summary of Legislation to be Transmitted under Separate Cover

Current Law

An additional tax, equal to interest accruing on the underpayment amount, is imposed on an underpayment of estimated tax. An individual generally does not have an underpayment of estimated tax if he or she makes withheld or estimated tax payments, during the tax year, of (1) at least 90 percent of the tax shown on the current year's tax return or (2) 100 percent of the tax shown on the prior year's tax return (100 percent-of-the-prior-year safe harbor).

A special rule applies to individuals with adjusted gross income in excess of \$150,000 (\$75,000 for married filing separate) in the previous tax year. For these individuals, the prior year safe harbor percentage is (1) 105 percent in tax year 1999; (2) 106 percent in tax years 2000 and 2001; (3) 112 percent in 2002; and, (4) 110 percent in tax year 2003 and thereafter.

Proposal

For tax years 2000 and 2001, the prior year safe harbor percentage for higher income taxpayers would be increased from 106 percent to 109 percent. This proposal is estimated to increase FY 2000 receipts by \$1.8 billion.