Collection: Roberts, John G.: Files
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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 1, 1984

SPECIAL

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer

Small Business Administration

NO OBJECTION 3/1 JGR

SUBJECT: Department of Justice proposed report on S. 2084/ "Opinion Molder" bill.

The Office of Management and Budget requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

A response to this request for your views is needed no later than 2:00 p.m. - Friday, March 2, 1984. Oral comments acceptable.

Questions should be referred to William A. Maxwell (395-3890), the legislative analyst in this office.

James C. Murr for
Assistant Director for
Legislative Reference

Enclosures
cc: Tommy Elzey
John Roberts
John Cooney

U. S. Department of Justice
Office of Legislative Affairs

Office of the Assistant Attorney General
Washington, D.C. 20530

Honorable Lowell Weicker, Jr.
Chairman, Committee on Small Business
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

This letter is in response to your request for the views of the Department of Justice on S. 2084, a bill to amend the Small Business Act by restricting the SBA's authority to deny financial assistance to small business concerns solely because the primary business operations of such concerns relate to the communication of ideas. The Department of Justice recommends against enactment of this legislation.

The bill would prohibit the denial of financial assistance under the Act on the above stated grounds except if the SBA determines, after a hearing, that such assistance would be "used primarily to advance or inhibit religion; used primarily to threaten the overthrow of organized government by unlawful means; or used primarily to engage in any illegal activity or the dissemination of obscene materials which may be unlawful in any jurisdiction in which the small business concern may operate." The bill provides for judicial review of adverse decisions by small businesses denied assistance under this provision. The Department of Justice opposes this bill on several grounds. First, the standards for denying financial assistance under the bill are very broad and vague, and as such, may prove difficult to administer, as well as occasion many judicial challenges to the Administration's determinations of financial assistance. Secondly, as a constitutional matter, these standards appear to be impermissibly vague and fail to comport with the strict standards required when limits are placed on the First Amendment activities of individuals, including recipients of governmental funds. Although the applicable standard of scrutiny in such cases remains unsettled by the courts, it is likely that under even minimal scrutiny the standards outlined in this bill would fail constitutional muster. See Hynes v. Mayor of Oradell, 425 U.S. 610 (1976); Big Mama Rag, Inc. v. United States, 631 F.2d 1030 (D.C. Cir. 1980).

For these reasons, the Department of Justice recommends against enactment of this bill.

The Office of Management and Budget has advised this Department that there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

Robert A. McConnell
Assistant Attorney General
Office of Legislative Affairs

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

March 2, 1984

SPECIAL

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer

Department of Justice

no objection 3/2 JGR

SUBJECT: SBA proposed testimony on H.R. 1157 (for March 7, 1984) and on S. 2084 (for March 9, 1984) -- both bills deal with the application of the "opinion molder" policy

The Office of Management and Budget requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

Please provide us with your views no later than

4:00p.m. Friday, March 2, 1984. ORAL COMMENTS ACCEPTABLE.

Direct your questions to William A. Maxwell (395-3890), the legislative analyst in this office.

James C. Murr for
Assistant Director for
Legislative Reference

Enclosures

cc: T. Elzey
John Roberts
John Cooney

STATEMENT OF
JAMES C. SANDERS
ADMINISTRATOR
SMALL BUSINESS ADMINISTRATION
BEFORE THE
SMALL BUSINESS COMMITTEE
HOUSE OF REPRESENTATIVES

MARCH 7, 1984

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

It is a pleasure to be here today to present the Small Business Administration's position on H.R. 1157, a bill to restrict the application of our so-called "opinion molder" policy. The opinion molder policy, codified in § 120.2(d)(4) of our regulations, precludes SBA from granting financial assistance to any opinion molder, defined as any applicant which is "engaged in the creation, origination, expression, dissemination, propagation or distribution of ideas, values, thoughts, opinions or similar intellectual property, regardless of medium, form or content."

H.R. 1157 would amend the Small Business Act to prohibit SBA from denying financial assistance to any small business solely because its primary business operations relate to the communication of ideas. Specifically, under H.R. 1157, SBA could not rely on the opinion molder policy to deny an application for a loan or a loan guarantee to a small concern whose primary business operation is book, newspaper, magazine, greeting card, or history calendar publication or distribution, radio or television broadcasting, film, record, or video tape production or distribution, theater or motion picture entertainment, or instruction or tutoring in academic subjects.

The bill would, however, retain the opinion molder policy in two types of cases: first, where the financial assistance would be adverse or detrimental to a legitimate public interest; and second, where the loan proceeds would be used primarily to promote or criticize political or religious ideas.

Before I discuss the purposes and background of this longstanding policy, let me say that we welcome congressional guidance in reconciling the Agency's statutory purpose of fostering the growth and participation of small business in the market with possibly unconstitutional interference with the freedom of expression.

There are three basic reasons why the Agency has maintained the policy: first, to avoid Government interference or the appearance of such interference with the constitutionally protected freedoms of speech or press by subsidizing the publication of ideas which promote particular political views or propaganda, or advocate certain religious tenets. Second, to avoid the possibility of creating an unconstitutional prior restraint on the expression of ideas by our applicants. This could come about, for example, if a media applicant altered the content of its publication in the belief that it would enhance its chances of obtaining financial assistance. Conversely, once a media small business obtained SBA financial assistance, fear of Government reprisal might cause it to alter the content of its publication. Both could be construed as examples of unconstitutional prior restraints.

Finally, as a matter of providing for the most beneficial utilization of available budget authority, SBA wishes to avoid lending to concerns which publish or produce or sell materials of a highly controversial nature, which, while not illegal, may not be in the public's interest to promote. Were the Agency to attempt to make individual decisions on what is or is not in the public interest based upon the content of the communication, it may be viewed as placing itself in a censorship role. If so viewed by a court, such a role by a Government agency would not only be unconstitutional, but in itself would not be in the public interest.

The opinion molder rule is not a new policy. It has been a part of Agency policy since its inception in 1953, having been adopted from SBA's predecessor, the Reconstruction Finance Corporation. The dilemma posed by attempting to reconcile SBA's statutory purposes with the opinion molder policy is also longstanding. Over the years, SBA has promulgated seven regulatory exceptions in an attempt to resolve the dilemma.

These include (1) commercial or job printing firms; (2) publishers of shoppers' newspapers or circulars composed completely of advertising material; (3) firms producing advertisements and technical materials; (4) firms solely involved with the reproduction of other materials; (5) broadcasting and cable television operators; (6) vocational, technical, and other nonacademic schools; and (7) general book or music (record) stores, and general merchandise stores which may sell books, newspapers, magazines, records, etc.

The first four of these exceptions and the exception for vocational and nonacademic schools were believed to be justified because they relate to firms which do not attempt to advocate any particular viewpoint or idea and, as such, are not in the business of "molding opinions." Since the strict regulation of broadcasting and cable television firms by the Federal Communications Commission has already been upheld by the Supreme Court, SBA excepted them from the opinion molder rule. As an additional precaution, the regulatory exception specifies that the content of their programs is not to be considered in granting them financial assistance. Finally, general merchandise stores and general book stores have been excluded from the opinion molder rule because at any given time, they present a wide range of topics and titles and do not advocate any particular opinion.

In recent years, there have been a large number of mergers and acquisitions in the media related industries which have tended to eliminate many media oriented small businesses and to promote a concentration of ownership. SBA has been concerned with the effects of this trend. Thus, in 1980, SBA published an Advance Notice of Proposed Rulemaking in order to develop an approach to altering the opinion molder policy and to increase SBA's ability to assist small media concerns. SBA proposed seven regulatory changes in the opinion molder policy which we believed could be taken individually or in any number of combinations without fear of successful legal attack:

(1) Retain the present rule, but provide a waiver procedure by which media concerns which have been denied assistance could demonstrate that the purpose of the rule is not served by their denial.

(2) Expand the current exceptions to the rule to allow SBA to assist those types of businesses which meet the present broad definition of an "opinion molder," but which do not primarily mold opinions, and whose funding would not be likely to promote governmental interference with the freedoms of speech and press.

(3) Replace the present broad proscription against assisting "opinion molders" with specific prohibitions against certain types of assistance to certain types of enterprises.

(4) Prohibit SBA assistance to certain forms of media enterprises which advocate a particular religious, political, social, or economic point of view.

(5) Prohibit SBA assistance to an applicant if more than 30 percent of the applicant's annual gross income is derived from the sale, rental, or lease of religious products, materials, or services.

(6) Prohibit SBA assistance to an applicant if more than 30 percent of the applicant's annual gross income is derived from the sale, rental, or lease of sexually explicit products, materials, or services.

(7) Prohibit direct SBA loans to opinion molders, but allow SBA guarantee assistance to such concerns.

SBA received a plethora of comments on the proposed changes, however, none of the proposed changes were made final. In February 1981, SBA published a proposed rule which made general audience motion picture theaters eligible for SBA loan assistance but which retained the opinion molder rule for purposes of "specialty theaters." Specialty theaters were defined as those which cater to limited audiences, such as those showing primarily sexually oriented films, or that promote or advocate ideological, political or philosophical viewpoints.

During the comment period on this proposed rule change, a public interest organization objected to the change on the basis that any rule that discriminated against specialty type theaters based on the content of the material (for example, pornographic, political and religious) would not be constitutional. After careful examination of the question, SBA's Office of General Counsel agreed with this position. So SBA returned to its previous rule that all theaters were ineligible for assistance.

The opinion molder policy has not been changed by regulatory action in some time. As you can see, Mr. Chairman, it is not an easy issue to resolve and we welcome this Committee's guidance on the most appropriate way to change the current rule, if you believe that change is advisable.

H.R. 1157 would abolish the opinion molder policy except in cases where the financial assistance would be (1) adverse or detrimental to a legitimate public interest; or (2) used primarily to promote or criticize political or religious ideas. If Congress deems statutory abolition of the opinion molder policy to be the most appropriate means of reconciling SBA's statutory mandate with constitutional guarantees, SBA would favor retaining the provision excepting cases where the financial assistance would be used primarily to promote or criticize political or religious ideas. In this regard, we would favor insertion in the legislation or accompanying legislative history of language which further identifies the nature of the proscribed political and religious matter. A clear Congressional finding as to the types of businesses which propogate political ideas and therefore would be ineligible for our assistance would be welcome, and would greatly assist us in promulgating implementing regulations. With respect to religious ideas, a Congressional finding referencing the present state of the law relative to the establishment clause of the First Amendment to the Constitution would give us guidance as to implementation of the second exception.

SBA would suggest deleting the exception which would establish a standard of adverse or detrimental to a legitimate public interest for SBA to evaluate financial assistance applications. We believe that the proposed standard could be construed as unconstitutionally vague.

In its place we would favor adding language which more clearly defines those businesses which are adverse or detrimental to the public interest and a proscription against assistance to them, or language which references the present state of the law relative to businesses which are illegal such as those dealing in obscenity and those which advocate the overthrow of organized Government by illegal means.

Finally, we object to the requirement contained in H.R. 1157 for a hearing on the record with respect to determinations by SBA of proscribed activities. Such a requirement would lead to lengthy hearings on applications for assistance each time the Agency interpreted the law adversely to an applicant. Instead, we favor, as indicated above, further clarification of the proposed exceptions which would permit easier administration by our financial assistance personnel and obviate the need for hearings on the record. We look forward to cooperating with you in order to accomplish any changes in the opinion molder which Congress sees fit to mandate.

Mr. Chairman, this concludes my prepared statement. I will be happy to answer any questions you may have.

STATEMENT OF
JAMES C. SANDERS
ADMINISTRATOR
SMALL BUSINESS ADMINISTRATION
BEFORE THE
SMALL BUSINESS COMMITTEE
UNITED STATES SENATE

MARCH 9, 1984

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

It is a pleasure to be here today to present the Small Business Administration's position on S. 2084, a bill to restrict the application of our so-called "opinion molder" policy. The opinion molder policy, codified in § 120.2(d)(4) of our regulations, precludes SBA from granting financial assistance to any opinion molder, defined as any applicant which is "engaged in the creation, origination, expression, dissemination, propagation or distribution of ideas, values, thoughts, opinions or similar intellectual property, regardless of medium, form or content."

S. 2084 would amend the Small Business Act to prohibit SBA from denying loan guarantees to any small business solely because its primary business operations relate to the communication of ideas. Specifically, under S. 2084, SBA could not rely on the opinion molder policy to deny an application for a loan guarantee to a small concern whose primary business operation is book, newspaper, magazine, greeting card, or calendar publication or distribution, radio or television broadcasting, film, record, or video tape production or distribution, theater or motion picture entertainment, or instruction or tutoring in academic subjects.

The bill would, however, retain the opinion molder policy in three types of cases: first, where the loan proceeds would be used primarily to advance or inhibit religion; second, where they would be used primarily to threaten the overthrow of organized Government by unlawful means; and third, where they would be used primarily to engage in any illegal activity or the dissemination of obscene materials which may be unlawful in any jurisdiction where the small business may operate.

Before I discuss the purposes and background of this longstanding policy, let me say that we welcome congressional guidance in reconciling the Agency's statutory purpose of fostering the growth and participation of small business in the market with possibly unconstitutional interference with the freedom of expression.

There are three basic reasons why the Agency has maintained the policy: first, to avoid Government interference or the appearance of such interference with the constitutionally protected freedoms of speech or press by subsidizing the publication of ideas which promote particular political views or propaganda, or advocate certain religious tenets. Second, to avoid the possibility of creating an unconstitutional prior restraint on the expression of ideas by our applicants. This could come about, for example, if a media applicant altered the content of its publication in the belief that it would enhance its chances of obtaining financial assistance. Conversely, once a media small business obtained SBA financial assistance, fear of Government reprisal might cause it to alter the content of its publication. Both could be construed as examples of unconstitutional prior restraints.

Finally, as a matter of providing for the most beneficial utilization of available budget authority, SBA wishes to avoid lending to concerns which publish or produce or sell materials of a highly controversial nature, which, while not illegal, may not be in the public's interest to promote. Were the Agency to attempt to make individual decisions on what is or is not in the public interest based upon the content of the communication, it may be viewed as placing itself in a censorship role. If so viewed by a court, such a role by a Government agency would not only be unconstitutional, but in itself would not be in the public interest.

The opinion molder rule is not a new policy. It has been a part of Agency policy since its inception in 1953, having been adopted from SBA's predecessor, the Reconstruction Finance Corporation. The dilemma posed by attempting to reconcile SBA's statutory purposes with the opinion molder policy is also longstanding. Over the years, SBA has promulgated seven regulatory exceptions in an attempt to resolve the dilemma.

These include (1) commercial or job printing firms; (2) publishers of shoppers' newspapers or circulars composed completely of advertising material; (3) firms producing advertisements and technical materials; (4) firms solely involved with the reproduction of other materials; (5) broadcasting and cable television operators; (6) vocational, technical, and other nonacademic schools; and (7) general book or music (record) stores, and general merchandise stores which may sell books, newspapers, magazines, records, etc.

The first four of these exceptions and the exception for vocational and nonacademic schools were believed to be justified because they relate to firms which do not attempt to advocate any particular viewpoint or idea and, as such, are not in the business of "molding opinions." Since the strict regulation of broadcasting and cable television firms by the Federal Communications Commission has already been upheld by the Supreme Court, SBA excepted them from the opinion molder rule. As an additional precaution, the regulatory exception specifies that the content of their programs is not to be considered in granting them financial assistance. Finally, general merchandise stores and general book stores have been excluded from the opinion molder rule because at any given time, they present a wide range of topics and titles and do not advocate any particular opinion.

In recent years, there have been a large number of mergers and acquisitions in the media related industries which have tended to eliminate many media oriented small businesses and to promote a concentration of ownership. SBA has been concerned with the effects of this trend. Thus, in 1980, SBA published an Advance Notice of Proposed Rulemaking in order to develop an approach to altering the opinion molder policy and to increase SBA's ability to assist small media concerns. SBA proposed seven regulatory changes in the opinion molder policy which we believed could be taken individually or in any number of combinations without fear of successful legal attack:

(1) Retain the present rule, but provide a waiver procedure by which media concerns which have been denied assistance could demonstrate that the purpose of the rule is not served by their denial.

(2) Expand the current exceptions to the rule to allow SBA to assist those types of businesses which meet the present broad definition of an "opinion molder," but which do not primarily mold opinions, and whose funding would not be likely to promote governmental interference with the freedoms of speech and press.

(3) Replace the present broad proscription against assisting "opinion molders" with specific prohibitions against certain types of assistance to certain types of enterprises.

(4) Prohibit SBA assistance to certain forms of media enterprises which advocate a particular religious, political, social, or economic point of view.

(5) Prohibit SBA assistance to an applicant if more than 30 percent of the applicant's annual gross income is derived from the sale, rental, or lease of religious products, materials, or services.

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SBA received a plethora of comments on the proposed changes, however, none of the proposed changes were made final. In February 1981, SBA published a proposed rule which made general audience motion picture theaters eligible for SBA loan assistance but which retained the opinion molder rule for purposes of "specialty theaters." Specialty theaters were defined as those which cater to limited audiences, such as those showing primarily sexually oriented films, or that promote or advocate ideological, political or philosophical viewpoints.

During the comment period on this proposed rule change, a public interest organization objected to the change on the basis that any rule that discriminated against specialty type theaters based on the content of the material (for example, pornographic, political and religious) would not be constitutional. After careful examination of the question, SBA's Office of General Counsel agreed with this position. So SBA returned to its previous rule that all theaters were ineligible for assistance.

The opinion molder policy has not been changed by regulatory action in some time. As you can see, Mr. Chairman, it is not an easy issue to resolve and we welcome this Committee's guidance on the most appropriate way to change the current rule, if you believe that change is advisable.

S. 2084 would abolish the opinion molder policy as to financial assistance in the form of guarantees except in cases where the financial assistance would be used primarily to (1) advance or inhibit religion; (2) threaten the overthrow of organized Government by unlawful means; or (3) engage in any illegal activity or the dissemination of obscene materials which may be unlawful in any jurisdiction in which the small business concern may operate. If Congress deems statutory abolition of the opinion molder policy to be the most appropriate means of reconciling SBA's statutory mandate with constitutional guarantees, SBA would have it apply to both direct and guaranteed loans. Further, we would favor Congressional guidance as to the meaning of the exceptions.

In this regard, we would favor insertion in the legislation or accompanying legislative history of language which further identifies the nature of the proscribed threatening and religious matter. A clear Congressional finding as to the types of businesses which propogate ideas which advance the overthrow of organized Government and therefore would be ineligible for our assistance would be welcome, and would greatly assist us in promulgating implementing regulations. With respect to religious ideas, a Congressional finding referencing the present state of the law relative to the establishment clause of the First Amendment to the Constitution would give us guidance as to implementation of the second exception.

We would also welcome adding insertion of language in the bill which references the present state of the law relative to businesses which are illegal such as those dealing in obscenity in order to give us guidance on fashioning implementing regulations.

Finally, we object to the requirement contained in S. 2084 for a hearing with respect to determinations by SBA of proscribed activities. Such a requirement would lead to lengthy hearings on applications for assistance each time the Agency interpreted the law adversely to an applicant. Instead, we favor, as indicated above, further clarification of the proposed exceptions which would permit easier administration by our financial assistance personnel and obviate the need for such hearings. We look forward to cooperating with you in order to accomplish any changes in the opinion molder which Congress sees fit to mandate.

Mr. Chairman, this concludes my prepared statement. I will be happy to answer any questions you may have.

THE WHITE HOUSE

WASHINGTON

March 15, 1984

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS JGR

SUBJECT: Enrolled Bill H.R. 2173 -- Contract Services for Drug Dependent Federal Offenders Authorization Act Authorizing Additional Appropriations

Richard Darman has asked for comments on the above-referenced enrolled bill by 5:00 p.m. Friday, March 16. This bill authorizes appropriations for 1984-1986 for drug treatment programs for Federal convicts required to participate in such programs as a condition of probation or parole. The Administrative Office of the United States Courts (AOUSC) contracts with public and private agencies to provide this sentencing option to Federal judges. The bill passed both Houses by voice vote. OMB, Justice, and AOUSC recommend approval; HHS defers. I have reviewed the memorandum for the President prepared by OMB Assistant Director for Legislative Reference James Frey, and the bill itself, and have no objections.

Attachment

THE WHITE HOUSE

WASHINGTON

March 15, 1984

MEMORANDUM FOR RICHARD G. DARMAN
ASSISTANT TO THE PRESIDENT

FROM: FRED F. FIELDING Orig. signed by FFF
COUNSEL TO THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 2173 -- Contract Services for Drug Dependent Federal Offenders Authorization Act Authorizing Additional Appropriations

Counsel's Office has reviewed the above-referenced enrolled bill, and finds no objection to it from a legal perspective.

FFF:JGR:aea 3/15/84
cc: FFFielding/JGRoberts/Subj/Chron

THE WHITE HOUSE

WASHINGTON

March 15, 1984

MEMORANDUM FOR RICHARD G. DARMAN
ASSISTANT TO THE PRESIDENT

FROM: FRED F. FIELDING
COUNSEL TO THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 2173 -- Contract Services for Drug Dependent Federal Offenders Authorization Act Authorizing Additional Appropriations

Counsel's Office has reviewed the above-referenced enrolled bill, and finds no objection to it from a legal perspective.

FFF:JGR:aea 3/15/84
cc: FFFielding/JGRoberts/Subj/Chron

ID # 187442 CU

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING
☐ H - INTERNAL
☐ I - INCOMING
Date Correspondence Received (YY/MM/DD) / /

Name of Correspondent: Richard Darman

☐ **MI Mail Report** **User Codes:** (A) ____ (B) ____ (C) ____

Subject: Enrolled Bill H.R. 2173 - Contract Services for Drug Dependent Federal Offenders Authorization Act authorizing additional Appropriations.

ROUTE TO: **ACTION** **DISPOSITION**

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
CUHOLL	ORIGINATOR	84,03,15			/ /
	Referral Note:				
CUAT 18	D	84,03,15		S	84,03,16 5:00 pm
	Referral Note:				
		/ /			/ /
	Referral Note:				
		/ /			/ /
	Referral Note:				
		/ /			/ /
	Referral Note:				

ACTION CODES:
- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure
- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

DISPOSITION CODES:
- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

FOR OUTGOING CORRESPONDENCE:
Type of Response = Initials of Signer
Code = "A"
Completion Date = Date of Outgoing

Comments:

Keep this worksheet attached to the original incoming letter.
Send all routing updates to Central Reference (Room 75, OEOB).
Always return completed correspondence record to Central Files.
Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

Document No. 187442SS

WHITE HOUSE STAFFING MEMORANDUM

DATE: 3/14 ACTION/CONCURRENCE/COMMENT DUE BY: 5:00 p.m. 3/16, FRIDAY

SUBJECT: ENROLLED BILL H.R. 2173 - Contract Services for Drug Dependent Federal Offenders Authorization Act

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	McFARLANE	☐	☐
MEESE	☐	☑	McMANUS	☐	☐
BAKER	☐	☑	MURPHY	☐	☐
DEAVER	☐	☑	OGLESBY	☑	☐
STOCKMAN	☐	☐	ROGERS	☐	☐
DARMAN	☐P	☑SS	SPEAKES	☐	☑
FELDSTEIN	☐	☐	SVAHN	☑	☐
FIELDING	☑	☐	VERSTANDIG	☑	☐
FULLER	☑	☐	WHITTLESEY	☐	☐
HERRINGTON	☐	☐	________	☐	☐
HICKEY	☐	☐	________	☐	☐
JENKINS	☐	☐	________	☐	☐

REMARKS:

Please provide comments/recommendations by 5:00 p.m. FRIDAY, MARCH 14, 1984.

Thank you.

RESPONSE:

Richard G. Darman
Assistant to the President
Ext. 2702

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

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 2173 - Contract Services for Drug Dependent Federal Offenders Authorization Act
Sponsors - Rep. Hughes (D) New Jersey and Rep. Sawyer (R) Michigan

Last Day for Action

Purpose

To amend the Contract Services for Drug Dependent Federal Offenders Act of 1978 to authorize additional appropriations.

Agency Recommendations

Office of Management and Budget	Approval
Department of Justice	Approval
Administrative Office of the United States Courts	Approval
Department of Health and Human Services	Defers

Discussion

Under existing law, a Federal court may, as a condition of probation or parole, order a convicted drug-dependent offender to participate in a supervised drug treatment (i.e., "aftercare") program. The principal purpose of such a program is to monitor the behavior of a convicted drug-dependent offender and to determine whether he or she has resumed the use of illegal narcotic substances. If a person in an aftercare program is discovered to be using illicit drugs, his or her parole or probation is cancelled, and the offender is returned to prison.

Federal aftercare programs are administered by the Administrative Office of the United States Courts (AOUSC), an agency of the Judicial branch. About half of the 4,600 persons currently in aftercare programs are treated under contract with public or private agencies.

The enrolled bill, which passed both Houses by voice vote, extends the authorization of appropriations for contract services for three years. In particular, the bill authorizes appropriations of \$5.0 million for 1984, \$5.5 million for 1985, and \$6.0 million for 1986. The 1984 and 1985 figures are consistent with the Judiciary's budget request for those years.

James M. Frey
Assistant Director for
Legislative Reference

Enclosures

THE WHITE HOUSE

WASHINGTON

March 19, 1984

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS JGR

SUBJECT: Enrolled Bill S. 47 -- Shipping Act of 1984

Richard Darman has asked for comments by noon today on the above-referenced enrolled bill. This major legislation is the product of the Administration's effort to reform regulation of the merchant marine. The bill would increase the authority of the shipping conferences, which set prices and allocate routes and cargoes. The bill would clarify and expand the antitrust immunity enjoyed by the conferences, and expedite review of conference schedules by the Federal Maritime Commission (FMC). Filed schedules will go into effect within 45 days unless blocked by the FMC because they contain specified illegal provisions, such as boycotts. The FMC may sue to block a conference agreement as anticompetitive, but must prove that the effect of the reduction in competition will be an unreasonable reduction in service or increase in cost.

Among the other provisions in the bill of particular interest, section 9 empowers the FMC to suspend tariffs filed by shippers on the ground that they are unjust and unreasonable. Any such order suspending tariffs is to be sent to the President, who has ten days to demand a stay of the order for reasons of national defense or foreign policy, which reasons must be specified. During the stay, the President is to attempt to resolve the matter through negotiations. The contemplated procedure is not unlike Presidential review of CAB orders, and we will want to consider establishing internal procedures for review of FMC orders similar to those in effect for review of CAB orders. If you agree, I will contact the FMC to discuss the matter.

Section 18 of the bill would establish, in 5½ years, an Advisory Commission on Conferences in Ocean Shipping, to review progress under the Act. The Advisory Commission would be composed of a cabinet level officer appointed by the President, 8 members from the private sector appointed by the President, 4 members from the Senate appointed by the President pro tempore, and 4 members from the House appointed by the Speaker. Although the Advisory Commission will have the power to issue subpoenas, its responsibilities are limited to conducting a study and making recommendations.

This mitigates any Appointments Clause problems, and OMB reports that Justice has no objections. Private sector members of the Advisory Commission are exempted from 18 U.S.C. § 208, which underscores the purely advisory nature of the commission.

Transportation has submitted a draft signing statement, praising the bill for removing regulatory burdens and bringing United States shipping practices more in line with those prevailing in the rest of the world. The statement also thanks the members of the pertinent Congressional committees, the broad coalition of supporters from the shipping industry, Drew Lewis and Elizabeth Dole, FMC Chairman Punch Green, and Maritime Administrator Hal Shear. There has been some publicity recently concerning Shear's receipt of a severance payment when he entered government service. Larry Garrett advises me that he, OGE, and Transportation have all reviewed the matter and determined that there was no impropriety. Under the circumstances, I have no objections to including Shear in the list of people responsible for the successful passage of this broad legislative package.

All affected agencies either recommend approval or have no objection. I have reviewed the memorandum for the President submitted by David Stockman, the bill itself, and the draft signing statement, and have no objections.

Attachment

THE WHITE HOUSE

WASHINGTON

March 19, 1984

MEMORANDUM FOR RICHARD G. DARMAN
ASSISTANT TO THE PRESIDENT AND
DEPUTY TO THE CHIEF OF STAFF

FROM: FRED F. FIELDING FFF | RAH
COUNSEL TO THE PRESIDENT

SUBJECT: Enrolled Bill S. 47 --
Shipping Act of 1984

Counsel's Office has reviewed the above-referenced enrolled bill, and the accompanying draft signing statement, and finds no objection to them from a legal perspective.

FFF:JGR:ph 3/19/84
cc: FFFielding
JGRoberts
Subject
Chron.

THE WHITE HOUSE

WASHINGTON

March 19, 1984

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ID # 187386 CU

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING
☐ H - INTERNAL
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Date Correspondence Received (YY/MM/DD) / /

Name of Correspondent: Richard Darman

☐ **MI Mail Report** **User Codes:** (A) ______ (B) ______ (C) ______

Subject: Enrolled Bill S.47 - Shipping Act of 1984

ROUTE TO: **ACTION** **DISPOSITION**

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
CUHOLL	ORIGINATOR	84/03/16			/ /
	Referral Note:				
CUAT 18	D	84/03/16		S	84/03/19
	Referral Note:				noon
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ACTION CODES:
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C - Completed
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FOR OUTGOING CORRESPONDENCE:
Type of Response = Initials of Signer
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5/81

Document No. 187386SS

WHITE HOUSE STAFFING MEMORANDUM

DATE: 3/16/84 ACTION/CONCURRENCE/COMMENT DUE BY: Noon Monday, 3/19/84

SUBJECT: ENROLLED BILL S. 47 - SHIPPING ACT OF 1984

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	McFARLANE	✓	☐
MEESE	☐	✓	McMANUS	☐	☐
BAKER	☐	✓	MURPHY	✓	☐
DEAVER	☐	✓	OGLESBY	✓	☐
STOCKMAN	☐	☐	ROGERS	☐	☐
DARMAN	☐ P	✓ SS	SPEAKES	☐	✓
FELDSTEIN	☐	☐	SVAHN	✓	☐
FIELDING	✓	☐	VERSTANDIG	✓	☐
FULLER	✓	☐	WHITTLESEY	✓	☐
HERRINGTON	☐	☐	Elliott	✓	☐
HICKEY	☐	☐		☐	☐
JENKINS	☐	☐		☐	☐

REMARKS:

May we have your comments/edits on the attached Enrolled Bill and signing statement by noon Monday, March 19. Thank you.

RESPONSE:

1984 MAR 16 PM 4:30

Richard G. Darman
Assistant to the President
Ext. 2702

Received S S

1984 MAR 16 PM 3:52

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

MAR 16 1984

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 47 - Shipping Act of 1984
Sponsors - Sen. Gorton (R) Washington and 3 others

Last Day for Action

March 20, 1984 - Tuesday

Purpose

To reduce Federal regulation of the U.S. ocean shipping industry.

Agency Recommendations

Office of Management and Budget	Approval
Department of Transportation	Approval (Signing statement attached)
Department of State	Approval
Federal Maritime Commission	Approval
Department of Commerce	Approval
Department of Justice	No objection
Department of Labor	No objection
Department of the Treasury	No objection
Council of Economic Advisers	No objection
United States Trade Representative	No objection
Department of Defense	No objection

Background

S. 47 will reduce Federal economic regulation of the U.S. ocean shipping industry by broadening and clarifying existing antitrust exemptions for the industry. As the Department of Transportation notes in its enrolled bill views letter, S. 47 represents significant regulatory reform of the ocean shipping industry. The conference bill passed the Senate by a vote of 74-12 and the House by voice vote. S. 47 applies only to ships (i.e., ocean carriers) carrying packaged goods on a regular schedule between U.S. and foreign ports; it does not affect carriers of bulk cargo such as grain and oil, which are not regulated.

-- Regulation of Ocean Carriers

The Federal Maritime Commission (FMC) has jurisdiction over regulated ocean carriers, which are generally organized into conferences that make agreements limiting and controlling competition in international shipping, such as setting prices and allocating routes and cargoes. A conference is required to file with the FMC a tariff showing the rates and conditions of service used by its members. Ocean carriers which are not members of a conference must also file tariffs with the FMC. Ocean carriers that file tariffs must charge the published rate and may not engage in illegal "rebating." The regulatory role of the FMC involves (1) approving, and thereby granting antitrust immunity to, agreements of the conferences; (2) receiving and publishing tariffs and rates; and (3) enforcing the published tariffs and rates.

In other countries, conferences are generally subject to little or no government regulation. S. 47 significantly streamlines and clarifies FMC regulation of the ocean shipping industry, thus bringing U.S. policies more in line with those of other countries.

Major Provisions of Enrolled Bill

The major provisions of S. 47 concerning (1) conference agreements, (2) antitrust immunity, (3) tariff filing and enforcement, (4) required agency reports and the establishment of an advisory commission, and (5) certain miscellaneous provisions, are described below.

-- Conference Agreements

S. 47 reduces regulatory delay and streamlines procedures by providing that conference agreements filed with the FMC will go into effect unless rejected by the FMC within 45 days of filing or 30 days after notice of the filing is published in the Federal Register, whichever is later. The FMC must approve agreements unless they contain illegal acts (e.g., boycotts and predatory pricing) that are specified in the law. This is a significant improvement over existing law which not infrequently involves a lengthy (1-2 years) hearing process before such approval is granted by the FMC.

In addition, S. 47 authorizes the FMC to seek an injunction in the U.S. District Court for the District of Columbia against an agreement that "is likely, by a reduction in competition, to produce an unreasonable reduction in transportation service or an unreasonable increase in transportation cost." The burden of proof will be on the FMC in such cases. Under current law, the burden is on the conference to demonstrate that the agreement is in the public interest and not detrimental to foreign commerce.

-- Antitrust Immunity

The bill also provides that the antitrust laws will not apply to activities which are covered by a conference agreement that has been filed with the FMC and become effective or to activities where there is a reasonable basis to believe they are covered by an agreement. Violations of conference agreements will be subject to penalties under the shipping laws, not both the shipping and antitrust laws as is currently the case. This means that the carriers and conferences will not be liable for treble damages under the antitrust laws, and can proceed with greater certainty with respect to antitrust immunity.

-- Tariff Filing and Enforcement

S. 47 continues the requirement that all tariffs be filed with and enforced by the FMC, although the Administration had originally recommended that this requirement be discontinued. The bill does, however, make a number of improvements to enhance pricing flexibility that fulfill most of the Administration's objectives. For example, in addition to requiring that a conference be open to all who wish to join, S. 47 requires a conference to allow its members to take independent action on rates and charges. Thus, while a conference carrier normally would be bound to follow the tariff filed by that conference, it could establish its own rate merely by filing an independent rate with the FMC, to be effective 10 days after filing.

Under current law, shippers may sign a "loyalty contract" with a conference, promising to ship all its goods on a specific trade route with carriers who are members of that conference, in return for a lower contract rate. S. 47 allows loyalty contracts only if they are not violations of the antitrust laws. This essentially means that a shipper may sign such a contract with an individual carrier, but not with a conference. This should promote increased competition in the industry. In addition, the bill increases the variety of options and contracts that ocean carriers may offer to shippers.

-- <u>Agency Reports and Advisory Commission</u>

S. 47 directs the FMC to collect and analyze information concerning the impact of this bill on the ocean shipping industry during the 5 years after enactment and to consult annually with the Departments of Justice and Transportation and the Federal Trade Commission. The FMC is to report that information and its analysis to Congress and the three agencies within 6 months after the expiration of the 5-year period. In addition, FMC is to give this information to the Advisory Commission on Conferences in Ocean Shipping, which is to be established 5-1/2 years after enactment of this bill.

The Advisory Commission will be composed of 17 members -- 9 appointed by the President and 8 by the Congress -- and is directed to conduct a one year study on the appropriate roles, if any, of conferences in the ocean shipping industry and how the Nation would be best served by such conferences. The Chairman of the Advisory Commission will be designated by the President, and the Commission will have the authority to conduct hearings and to compel testimony and subpoena documents. The bill authorizes appropriations of $500,000 for the activities of the Commission, which will terminate 30 days after submission of its report to the President and Congress, due one year after the Commission's establishment. ?

-- <u>Miscellaneous Provisions</u>

S. 47 contains numerous other unobjectionable, as well as technical, provisions. One provision, for example, restates existing law as it applies to carriers owned, operated, or controlled by a foreign government. In particular, the FMC may suspend the rates of a foreign-controlled carrier if such rates are below a level that is just and reasonable. (This is aimed especially at communist countries' ships.) In such an event, however, the President may request the FMC to stay its suspension, for reasons of national defense or foreign policy, and the FMC will be required to do so.

The bill provides for increased penalties (e.g., a civil penalty of up to $25,000 for each knowing violation) under the shipping laws for violations of law and of FMC regulations and orders. The FMC is also authorized to suspend any or all of an ocean carrier's tariffs, including its right to use the tariffs of conferences of which it is a member, for certain specified violations. Suspending a carrier's tariffs in effect denies the carrier the right to operate in that trade. Any FMC action ordering such a tariff suspension is to be submitted to the

President, who may disapprove the order within 10 days for national defense or foreign policy reasons.

* * * * *

Conclusion

In its enrolled bill views letter, the Department of Transportation notes that S. 47 represents the result of three years of extensive hearings and negotiations among ocean carriers, shippers, freight forwarders, port authorities, maritime labor, congressional committees, and the Administration; and that its enactment is an important part of revitalizing the merchant marine industry. Accordingly, the Department has prepared a signing statement (attached) for your consideration.

David A. Stockman
Director

Enclosures

PRESIDENT'S SIGNING STATEMENT

THE SHIPPING ACT OF 1984

I am pleased to sign into law today S. 47, the Shipping Act of 1984. One of the important objectives of my Administration has been, and will continue to be, the revitalization of the United States merchant marine. Enactment of this legislation is a milestone in our efforts to achieve that objective and in our overall regulatory reform initiatives.

In recent years, regulation by the Federal government of international liner shipping has been characterized by excess and confusion. Carriers operating in our trades have been unable to predict reliably the extent of the antitrust exemption under the Shipping Act, and they have felt unable to engage in many activities that are common on other trade routes. Ocean carriers throughout the rest of the world operate with substantially less government restriction on their activities.

Only the United States has followed a philosophy which limits the activities of carrier conferences through a combination of regulatory and antitrust oversight of rates and practices. The result has been insecurity; delays in regulatory approvals for, or rejection of, practices that are standard elsewhere; excessive and unpredictable government intervention; and the anomalies and irritations that inevitably arise from the attempt to impose our laws on foreign parties whom our laws can only imperfectly control. Our foreign counterparts have felt imposed upon in the name of a policy they do not embrace, and our own operators have been the victims of an ever-changing regime that is only partially effective when applied to their foreign competitors.

In developing the Administration's approach to these problems, I have been guided by three major objectives:

-- First, this Administration is committed to minimizing government intervention in business;

-- Second, we want to put U.S. carriers on an equal footing with foreign carriers;

-- Last, we want to maintain a strong U.S. merchant marine.

S. 47 has translated these objectives into a comprehensive reform of regulation of the ocean liner industry. The legislation will remove a number of burdensome and unnecessary government regulations from the backs of U.S. and foreign flag liner operators, while safeguarding the interests of the shipping public. It will expedite regulatory actions of the Federal Maritime Commission which, in the past, have been characterized by prolonged and costly proceedings. It will remove a source of friction between the United States and our trading partners, who have been critical of the extent to which our shipping regulations have interfered with the operations of their national flag carriers. It will further the growth of intermodalism and provide more service options to shippers. All in all, I regard S. 47 as a significant achievement in our long struggle to bring about regulatory reform of the ocean shipping industry.

I want to express my appreciation to the leadership of the Senate Commerce and Judiciary Committees, the House Merchant Marine and Fisheries and Judiciary Committees, and their staffs for their dedication to achieve this day. Additionally, my thanks to a magnificant coalition of carriers, shippers, ports, maritime labor and freight forwarders for their determination in overcoming individual differences in order to support legislation which will benefit them all. Finally, I wish to thank former Secretary of Transportation Drew Lewis, who launched our efforts; Secretary Elizabeth Dole, who charted the course through rocks and shoals; Punch Green, Chairman of the Federal Maritime Commission, who stood the lookout watch; and Admiral Hal Shear, Maritime Administrator, for being at the helm throughout.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release March 20, 1984

The President today signed the following legislation:

S. 47 which reduces Federal regulation of the U.S. ocean shipping industry;

S.J. Res. 132 which designates the week beginning on May 6, 1984, as "National Correctional Officers Week," and

H.R. 2173 which amends the Contract Services for Drug Dependent Federal Offenders Act of 1978 to authorize additional appropriations.

# # #

THE WHITE HOUSE

WASHINGTON

March 20, 1984

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS JGR

SUBJECT: Enrolled Bill S. 820 -- Earthquake Hazards Reduction Act and Federal Fire Prevention and Control Act Authorizations

Richard Darman has asked for comments by 5:00 p.m. today on the above-referenced enrolled bill. The bill authorizes appropriations for fiscal years 1984 and 1985 for earthquake hazards reduction programs and fire prevention programs. The amounts authorized exceed the Administration's requests, but no affected agency objects and the 1984 authorizations are, in any event, moot. The bill also expresses the sense of Congress that volunteer fire departments should receive special recognition for their contributions to public safety.

OMB, FEMA, Interior and Defense recommend approval; the National Science Foundation has no objection and Commerce defers. I have reviewed the memorandum for the President prepared by OMB Assistant Director for Legislative Reference James M. Frey, and the bill itself, and have no objections.

Attachment

THE WHITE HOUSE

WASHINGTON

March 20, 1984

MEMORANDUM FOR RICHARD G. DARMAN
ASSISTANT TO THE PRESIDENT AND
DEPUTY TO THE CHIEF OF STAFF

FROM: FRED F. FIELDING Orig. signed by FFF
COUNSEL TO THE PRESIDENT

SUBJECT: Enrolled Bill S. 820 -- Earthquake Hazards Reduction Act and Federal Fire Prevention and Control Act Authorizations

Counsel's Office has reviewed the above-referenced enrolled bill and finds no objection to it from a legal perspective.

FFF:JGR:ph 3/20/84
cc: FFFielding
JGRoberts
Subject
Chron.

THE WHITE HOUSE

WASHINGTON

March 20, 1984

MEMORANDUM FOR RICHARD G. DARMAN
ASSISTANT TO THE PRESIDENT AND
DEPUTY TO THE CHIEF OF STAFF

FROM: FRED F. FIELDING
COUNSEL TO THE PRESIDENT

SUBJECT: Enrolled Bill S. 820 -- Earthquake Hazards Reduction Act and Federal Fire Prevention and Control Act Authorizations

Counsel's Office has reviewed the above-referenced enrolled bill and finds no objection to it from a legal perspective.

ID # 187431 CU

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING
☐ H - INTERNAL
☐ I - INCOMING
Date Correspondence Received (YY/MM/DD) __ / __ / __

Name of Correspondent: Richard Darman

☐ **MI Mail Report** **User Codes:** (A) ______ (B) ______ (C) ______

Subject: Enrolled Bill S. 828 - Earthquake Hazards Reduction Act and Federal Fire Prevention Act Authorizations

ROUTE TO: Office/Agency (Staff Name)	ACTION: Action Code	Tracking Date YY/MM/DD	DISPOSITION: Type of Response	Code	Completion Date YY/MM/DD
CUHOL	ORIGINATOR	84/03/20			/ /
	Referral Note:				
CUAT 18	D	84/03/20		S	84/03/20
	Referral Note:				5:00 pm
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	Referral Note:				

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Document No. 187431SS

WHITE HOUSE STAFFING MEMORANDUM

DATE: 3/19/84 ACTION/CONCURRENCE/COMMENT DUE BY: 5:00 p.m. TUESDAY, 3/20/84

SUBJECT: Enrolled Bill S. 820 - Earthquake Hazards Reduction Act and Federal Fire Prevention and Control Act Authorizations

	ACTION	FYI
VICE PRESIDENT	☐	☐
MEESE	☐	✓
BAKER	☐	✓
DEAVER	☐	✓
STOCKMAN	☐	☐
DARMAN	☐ P	✓ SS
FELDSTEIN	☐	☐
FIELDING	✓	☐
FULLER	✓	☐
HERRINGTON	☐	☐
HICKEY	☐	☐
JENKINS	☐	☐

	ACTION	FYI
McFARLANE	☐	☐
McMANUS	☐	☐
MURPHY	☐	☐
OGLESBY	✓	☐
ROGERS	☐	☐
SPEAKES	☐	✓
SVAHN	✓	☐
VERSTANDIG	✓	☐
WHITTLESEY	☐	☐
______	☐	☐
______	☐	☐
______	☐	☐

REMARKS:

Please provide comments/recommendations on the attached enrolled bill by 5:00 p.m. TOMORROW, TUESDAY, 1984.

Thank you.

RESPONSE:

Richard G. Darman
Assistant to the President
Ext. 2702

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

Received S S
1984 MAR 19 PM 6:46

MAR 19 1984

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 820 - Earthquake Hazards Reduction Act and Federal Fire Prevention and Control Act Authorizations
Sponsors - Sen. Gorton (R) Washington and Sen. Packwood (R) Oregon

Last Day for Action

March 24, 1984 - Saturday

Purpose

Authorizes appropriations for fiscal years 1984 and 1985 for earthquake hazards reduction programs and for fire prevention and control programs.

Agency Recommendations

Office of Management and Budget	Approval
Federal Emergency Management Agency	Approval
Department of the Interior	Approval
Department of Defense	Approval
National Science Foundation	No objection
Department of Commerce	Defers

Discussion

S. 820 authorizes appropriations of $81,224,000 for fiscal year 1984 and $93,542,950 for 1985 for earthquake hazards reduction programs and fire prevention and control programs. The appropriation authorizations for these programs are more than the Administration requested. The 1984 authorizations are moot, however, since funds have already been appropriated, and we anticipate that 1985 appropriations will be more in line with the Administration's request. S. 820 also contains minor amendments concerning awards and recognition of public safety officers. The bill passed both the House and Senate by voice vote.

-- Appropriation Authorizations

S. 820 authorizes appropriations totalling $65,504,000 for fiscal year 1984 and $72,559,950 for 1985 for earthquake hazards reduction programs operated by the Federal Emergency Management Agency (FEMA), the National Science Foundation, and the Departments of Commerce and the Interior. Activities conducted pursuant to these programs include developing engineering standards for earthquake resistant construction, developing methods for predicting earthquakes, and conducting basic research on earthquake phenomena. The bill also authorizes such additional sums as may be necessary for salary adjustments required by law. These authorizations exceed the Administration's budget request by $4,975,000 for 1984 and by $13,365,950 in 1985.

The bill authorizes appropriations of $15,720,000 for 1984 and $20,983,000 for 1985 for fire prevention and control programs operated by FEMA. It also authorizes such additional sums as may be necessary for salary adjustments required by law. The 1984 authorization exceeds the Administration's budget request by $1,000,000, while the 1985 authorization is identical to the Administration's request.

-- Public Safety Awards

The enrolled bill clarifies that honorary awards for recognition of outstanding and distinguished service by public safety officers in the area of civil defense will be presented by the Director of FEMA, rather than the Secretary of Defense, to reflect the transfer of civil defense functions to FEMA in 1978.

Finally, the bill expresses the sense of Congress that special recognition should be given to volunteer fire companies for their contributions to public safety.

James M. Frey
Assistant Director for
Legislative Reference

Enclosures