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Economy and Jobs Watch: Deficit Outlook

The 2004 deficit is set to grow to nearly \$500 billion, and the 10-year deficit is likely to be nearly \$6 trillion, a new OMB Watch analysis shows.

The Congressional Budget Office (CBO) August 2003 Budget and Economic Update shows a baseline projection of a \$401 billion deficit for 2003, and a \$480 billion deficit for 2004. The 10-year baseline projections show a \$1.4 trillion deficit over the next ten years; however, as the report notes, the baseline is not intended to be a good predictor of actual budgetary outcomes (see "What is a baseline?" below). A better predictor of budget deficits under current policy would put the deficit for 2004 at \$496 billion and the 10-year deficit at nearly \$6 trillion.

[See full report for more details.](#)

While the current administration argues that these deficits are a result of September 11, the war with Iraq, and the 2001 recession; the CBO numbers show that the largest component of the most recent budget deterioration is legislation that reduced revenue – primarily the 2003 tax package (The Jobs and Growth Tax Relief Reconciliation Act).

A detailed breakdown of the CBO data shows that 48% of the budget deterioration for 2004 that occurred between March and August was due to legislative changes affecting revenue. When likely legislative changes are included, over the next ten years revenue reduction legislation accounts for 37% of the increase in the budget deficit forecasts.

Federal revenue is now at its lowest level in 40 years, just over 16 percent of gross domestic product.

[See full report for more details.](#)

What is a baseline?

Simply put, a baseline projection is a starting point for budget analyses. It gives a reference path for the current situation, against which a new policy proposal can be judged. Future policy proposals can then be measured as a deviation from an established baseline. A baseline is not necessarily the best, or even an accurate, prediction of actual budget outcomes.

The CBO, according to the law, must produce a baseline that is derived from the exact letter of the current law – and is explicitly not allowed to take into account likely or proposed legislation when determining the baseline.

The most recent CBO Budget and Economic Update (August 2003) put it this way,

“Actual budget totals, however, will almost certainly differ from those baseline projections. By statute, CBO's baseline must estimate the future paths of federal revenues and spending under current laws and policies. The baseline is therefore not intended to be a prediction of future budgetary outcomes; instead, it is meant to serve as a neutral benchmark that lawmakers can use to measure the effects of proposed changes to taxes and spending.

Such changes can significantly affect the budget outlook. ... In addition to policy changes, factors beyond lawmakers' direct control--such as unexpected economic developments--can affect the budget outlook positively or negatively.”

Economy and Jobs Watch: Employment Outlook

The nation's job market continues to struggle. In August, even though the unemployment rate improved slightly – falling from 6.2 to 6.1 percent – payroll employment fell by 93,000 jobs.

Since the recession began in March 2001, there has been a decline of 3.3 million private sector jobs. This 2.9% drop in employment is the largest loss of jobs at this point in the recession/recovery cycle since the Great Depression.

One reason for the sluggishness of the economy may be an apparent shift in companies' rehiring practices. During past recessions (prior to 1991), there was a larger amount of temporary lay-offs – workers could often expect to be rehired by their employer after the recession ended. A [new study published by Erica L. Groshen and Simon Potter of the Federal Reserve Bank of New York](#) examined industry level trends and finds that layoffs are becoming increasingly permanent. The findings suggest that structural shifting of labor between industries during recessions has become more important – and that this would help explain the sluggishness in employment after the 2001 recession.

The report concluded that “[t]he period after the 2001 recession will be remembered as the second jobless recovery. . . . Industries that lost jobs during the recession have continued to shrink during the recovery, and permanent job losses have eclipsed temporary layoffs.”

If true, this kind of structural change in the economy would place much more reliance on new job creation. If workers can no longer expect to be reemployed in their old job or industry, much more emphasis needs to be placed on retraining, supporting unemployed workers, and keeping job growth as strong as possible. The administration's single-minded focus on certain kinds of tax cuts has caused a significant failure to respond to the new realities of the job market.

JobWatch.org

On Friday, the Economic Policy Institute launched [JobWatch.org](#), a website devoted to tracking the current administration's record on creating jobs.

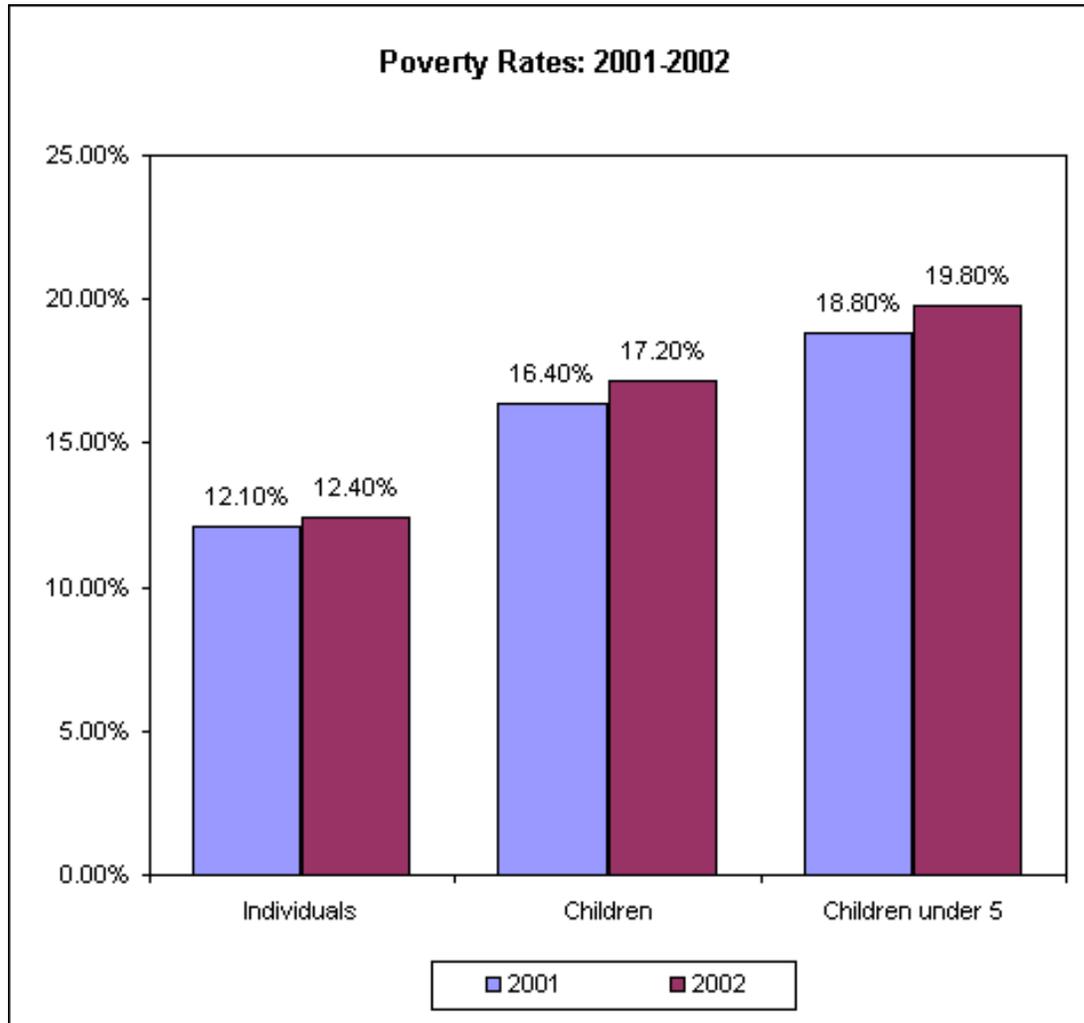
The administration has claimed that the tax package would create 510,000 additional jobs in 2003 and 891,000 additional jobs in 2004. Adding this to the amount of job creation that would have taken place anyway, this would mean a total of 5.5 million new jobs – or 344,000 per month.

The new website will track the employment record and will compare the outcomes with the administration's prediction. For August, the 93,000 lost jobs puts the cumulative shortfall at - 437,000.

Poverty is Growing in the United States

Poverty rates are rising according to new figures by the U.S. Census Bureau.

The number of people living in poverty increased from 12.1 percent in 2001 to 12.4 percent in 2002. The child poverty rate increased almost a full percentage point, from 16.4 percent in 2001 to 17.2 percent in 2002. Altogether there were about 1.4 million more people living in poverty in 2002, for a total of 34.7 million people. Under the definition of poverty used by the Census Bureau, a family of four would need an income of less than \$18,000 to be counted as poor.



These figures are from the latest release (September 4) of the "[American Community Survey Change Profile](#)". You can get information about poverty in your state by going to the [data tables](#) and searching by state. Additionally, there are useful statistics about education, housing, employment, income, and more.

The American Community Survey is a rolling month-to-month sample of the social and economic composition of 742,000 households in 1,239 counties across the United States. It provides a "moving" picture of social and

economic changes. The Census Bureau will release its "official" measure of poverty and income in the U.S. during 2002 later in September. For a preview, you can view last year's "Poverty in the United States: 2001" [report](#).

A rise in poverty can be attributed to the economic slow-down. It should be a signal to the President and policymakers about the importance of shoring up the safety net during an economic downturn. It hasn't turned out that way. The child tax credit, which did not extend to low-income families, is just one example. The fact that children have been hit the hardest is a strong indictment of the President's brand of "compassionate conservatism."

Coincidentally, the Department of Health and Human Services (HHS) also issued a [report](#) on September 3 showing that from March 2002 to March 2003, the number of recipients of Temporary Assistance for Needy Families (TANF) declined 4.3 percent and the number of families receiving benefits under TANF declined by 2 percent. HHS Secretary Tommy G. Thompson heralded the reduction as evidence of the success of welfare reform. However, rising poverty levels and shrinking TANF caseloads ought to be evidence that we are not heading in the right direction. A good [analysis](#) by the Center on Budget and Policy Priorities argues that a decline in TANF benefits without a showing of more, rather than less, economic security among low-income families is a cause for alarm, not complacency.

Appropriations Update

Following are some issues of interest that have risen during the FY 2004 appropriations process.

The status of all the FY 2004 appropriations bills can be found in a handy [chart](#) on the Thomas website. Some highlights:

- Senate floor debate on the Labor-Health and Human Services (HHS)-Education appropriations bill is expected to continue this week. On Friday, Sen. Tom Harkin (D-IA) introduced an amendment to block proposed Bush administration regulations that would disqualify workers who are currently eligible for overtime pay. According to the [Economic Policy Institute](#), these regulations would prohibit 8 million workers from overtime. (The Harkin amendment would retain a provision in the new rules that raises eligibility for overtime to workers making \$425 per week, up from \$155 per week.) Opponents of the new

regulations have also pointed out that the new regulations would negatively affect "first responders," like EMTs, firefighters, and nurses. The administration responded that "first responders" would be exempted from the regulations. However, no changes have actually been made in the regulations to do so. The overtime pay issue is sure to be contentious. It is expected to come up for debate on Tuesday, Sept.9.

- The House began debating the Transportation-Treasury and District of Columbia appropriations bills last week. An attempt to block Earned Income Tax Credit (EITC) pre-certification requirements failed. Reps. Rosa L. DeLauro (D-CT), Jim Cooper (D-TN), and Carolyn C. Kilpatrick (D-MI) sponsored an amendment to the Transportation-Treasury appropriations bill to stop the Internal Revenue Service from implementing "pre-certification" of some EITC recipients. The appropriations bill included \$100 million to accomplish the new EITC program. The amendment would have required that \$75 million be used instead to strengthen compliance programs targeted at large and mid-sized business taxpayers. The amendment was defeated 219-192.
- The New York Times reported on Friday that housing advocates are concerned that more than 100,000 low-income families could lose their Section 8 rent subsidies next year. Both the House-passed and Senate committee appropriations bill will not adequately cover existing vouchers if the Congressional Budget Office prediction (in its recent [Budget and Economic Outlook Update](#)) is correct. The update shows that the average cost of a housing voucher will rise from \$6,575 to \$7,068. According to the Post, this could result in a historical failure for Congress because it will be the first time the Section 8 voucher program will not renew all existing vouchers.

A Guide to Block Grant Proposals

The Coalition on Human Needs has developed a "Block Grant Chart."

Unsurprisingly, this administration has proposed a number of block grants in human needs programs. Under the guise of providing "local flexibility", these block grants actually shift responsibility for programs without providing the resources to pay for them. With the federal budget in deficit for years to come, block grants reduce both federal oversight and financial responsibility, leaving the burden on the states. This is an especially dangerous situation now that most states are experiencing fiscal catastrophes.

There is also a concern that block grants change program priorities. For example, categorical programs targeting certain populations may no longer be retained under a block grant. Or the emphasis on a certain type of service

may be lost.

The Coalition on Human Needs has developed a very useful [chart](#) summarizing programs threatened by block grants. It includes the current structure, changes proposed by the Bush administration, legislative status, and the impact of proposed changes.

Cost of the War

A "Cost of the War" [counter](#) constantly updates the rising costs of the war in Iraq and compares the cost to what could be accomplished in pre-school, kids' health, public education, college scholarships, energy independence and public housing. There is also a pull down chart that breaks out costs and comparisons of selected counties and cities in the US. (Java is required to run the counter correctly).

Administration Secrecy Obstructs GAO Energy Inquiry

Last week, the General Accounting Office (GAO) released a [report](#) culminating a contentious struggle to identify who helped craft the administration's energy policy. While no startling revelations come from the document, GAO's report repeatedly rebukes the administration for withholding critical information.

Vice President Dick Cheney refused to turn over critical documents to GAO investigators and stymied the GAO inquiry. GAO eventually filed suit with the Washington, D.C. district court to gain access to documents in February 2002. When the court dismissed the case on jurisdictional grounds, GAO chose not to appeal.

GAO does report that various administration officials- the Vice President, the Secretary of Energy, the EPA Administrator- met with and solicited advice from non-federal entities during the policy drafting process. According to the report, the Vice President met with Enron executives and the Secretary of Energy met with the CEO's representing a broad spectrum of the energy industry, including Chevron. Although the report cites these interactions, GAO could not conclude how much influence those meetings had on the administration's energy

policies.

In conducting its research, GAO encountered exceptional obstruction. David M. Walker, the agency's comptroller general, told the Los Angeles Times, "This is the first and only time that we have not been able to work out a reasoned and reasonable accommodation to get information that we need to do our job." Expanded government secrecy may increasingly prevent GAO from carrying out its mission.

The report concludes GAO's work on the energy policy task force. However, the issue may not be over for Vice President Cheney. The U.S. District Court is expected to rule on a lawsuit -- filed by Sierra Club and Judicial Watch -- seeking to force the vice president to disclose the very documents he successfully kept from the General Accounting Office.

Agencies Cite Privacy More Often When Denying FOIA Requests

Agencies are twice as likely to claim personal privacy in 2002 than in 1998 to justify denials of Freedom of Information (FOIA) requests. In 1998, just under 40 percent of FOIA denials were for personal privacy; in 2002, roughly 80 percent of denials were for privacy. Surprisingly, agencies use national security to explain refusals less often than they did several years ago.

That's the conclusion of an analysis by the Reporters Committee for Freedom of the Press that compared agencies' annual reports on compliance with the federal open records law for 1998 and 2002.

The analysis makes clear that federal agencies relied more heavily in 2002 on two privacy-related exemptions than they did previously. The number of information inquiries processed under FOIA jumped from 870,340 in 1998 to 2,335,210 requests in 2002. The bulk of that increase stems from a Department of Veterans Affairs decision in 1999 to begin considering veterans' requests for their own medical files as FOIA requests.

Whether the increased reliance on privacy stems from an increase in inquiries that involve information about individuals and/or recordkeeping changes, or whether the agencies were changing their response to FOIA requests in response to administrative nudging to withhold information remains unclear. In October 2001, Attorney General John Ashcroft promised Department of Justice support for any agency that found a "sound legal basis" for denying a FOIA request.

The analysis appears in summer issue of The News Media & amp; amp; The Law, The Reporters Committee's quarterly magazine

Industry and Nonprofits Divided In Support for Proposed CII Rule

Comments submitted on the proposed Critical Infrastructure (CII) Rule by the Department of Homeland Security (DHS) indicate disagreement between public interest groups and the private sector. OMB Watch posted the docket online last week when DHS failed to make them publicly available.

Submitters of the 64 substantive comments include government agencies, industry, trade associations, public interest groups, media, and individuals. Overall, government agencies and the private sector support the proposed CII rule. Public interest groups and the media, however, voiced major concerns with the rule.

Government

Government agencies generally expressed support for the rule, some voiced concerns that they believe need to be fixed. One area where agencies had differing points of views was the of the CII program. The Treasury Department supports the provisions that allow CII submissions to agencies other than DHS. In contrast, the Federal Reserve System believes that the extension to other agencies leads "to confusion both to the public concerning the purpose of such a submission and to the agency regarding the treatment of that information during the interim between submission and a determination by DHS." The Texas Department of Transportation echoes some of industries desires on expanding what information can fall within the CII program. The department also calls for information required by regulations and current information held by agencies included as CII.

Information sharing at the state and local level is supported by the government agencies, but that the program should tighten restrictions. The Port Authority of New York and New Jersey suggest information sharing should include contractors. It also believes that if information sharing does occur, submitters should be notified. The New York State Office of Cyber Security believes that there should be an appeal process for information rejected by the CII Program Manager as CII, more explicit consequences for unauthorized release of information, and improvements in the security of electronic submissions.

Both the Federal Energy Regulatory Commission (FERC) and the Public Utilities Commission of Ohio raise the issue of conflicting agency rules. The agencies question how CII will conflict with FERC's Critical Energy Infrastructure Information (CEII) rule, which established sharing restrictions on information submitted by the energy sector. FERC expresses satisfaction that CII does not appear to interfere with its CEII rule. The Public Utilities Commission of Ohio also seeks clarification on the definition of "voluntary" for submissions, as do many of the public interest groups.

Industry and Trade Associations

Industry and trade associations submitted the bulk of comments, indicating significant support for the proposed rule. Many companies called for stronger protections for CII, noting that without them there is a disincentive to submit information to the government.

A number of industry submitters point out problems with the rule's "good faith" determination. A sector 29.6 (f) of the proposed rule allows the Program Manager to disqualify the submission as CII if it is believed it was not submitted in "good faith." The Program Manager is not required to notify the submitter that the information is not protected from disclosure. Many groups call for a detailed description of "good faith" and the criteria of what fits that standard. Others, such as the American Petroleum Institute and the North American Electrical Reliability Council, believe that DHS should delete that clause all together.

Industry groups also emphasize security risks in the collection of CII information. The Aerospace Industries Association believes if DHS maintains one central depository, it could pose extreme security risks. The United Parcel Service states, "The Proposed Regulation...requires the private sector to assume an unnecessary heightened risk of loss or interception" of information and the rule "should require more secure means for the transmission of CII by the Department and any authorized parties that receive CII." Industry remains skeptical that submitted information is secure.

Security concerns also extend to the information sharing section of the rule. Many submitters feel that the proposed rule does not contain enough protections against information disclosure. Some companies see gaps in the rule that could allow state and local governments, public interest groups and the media to obtain information and disseminate it. Qwest, for example, argues for better protections at the state and local level. Others push for stronger penalties against whistleblowers. The issue of sharing information with foreign government generated criticism from several companies who suggest the provisions be deleted.

Public Interest Organizations

Public interest organizations express the strongest opposition to the proposed rule. Several issues arose repeatedly throughout the comments. The broad scope of the rule alarmed many. Organizations like the American Library Association believe that extending the scope of the rule to agencies outside of DHS is problematic, especially given the fact that the House struck down this same provision from the statute.

Many organizations feel that the procedures for managing CII are unclear, especially how information will be handled under FOIA. Comments ask for added provisions such as CII review procedures each time a FOIA request is made and the partial release of non-CII material and/or redaction of CII information under FOIA. Many groups, such as the Society of Environmental Journalists, also see the need for outside validation of the Program Manager's classification of information as CII and deadlines for when these determinations are made.

Groups point out that several terms need to be defined or clarified. Terms highlighted were: voluntary, customarily in the public domain, and good faith. Whistleblower protections are also noted as needing clarification on protections under law.

In contrast to industry's concerns about sharing information with state and local groups, the public interest sector believes that more information needs to be accessible by these entities especially in the face of emergencies. The American Society of Newspaper Editors comments that too much control is given to submitters regarding how information is shared, therefore hampering the efforts of first responders. The concern over government's inability to correct vulnerabilities is also apparent in comments.

The comments submitted to DHS represent a number of viewpoints and will be helpful in evaluating changes in the final rule. The final rule should be published in the next few weeks, according to DHS.

Foundation Expenses, Charitable Giving to be Debated in the House

Should foundation administrative expenses count toward their required annual 5 percent “payout,” or should only grants count? A controversial provision of the Charitable Giving Act ([H.R. 7](#)) eliminates all administrative expenses from the payout requirement, and will be debated at a mark-up scheduled for Tuesday, September 10 in the House Ways and Means Committee.

Most of the bill addresses tax incentives for charitable giving that have already passed the Senate. Rep. Roy Blunt (R-MO) added the provision on administrative expenses, saying it would increase grants to charities by \$4.3 billion a year. The [Council on Foundations](#) is opposed to the provision, arguing it could threaten the long-term viability of grant makers. The [National Committee for Responsive Philanthropy](#) supports this provision, arguing it would mean more money for grantees.

Ways and Means Committee Chair Bill Thomas (R-CA) released his [amended version of the bill](#) today. It includes a compromise on the foundation administrative expenses issue that allows the first \$100,000 in compensation paid to “disqualified persons” to be included in the payout calculation. IRS regulations define “disqualified persons” as those with substantial powers or financial interests in the foundation, including substantial contributors and their family members, officers, directors or trustees and corporations where disqualified persons own more than 35 percent of the voting power.

The Thomas version of H.R. 7 also adopts language from a bill introduced in July by Sen. Kay Bailey Hutchison (R-TX), the “Philanthropy Expansion and Responsibility Act of 2003 ([S. 1514](#))). It allows reasonable and necessary expenses related to grant making to be included in the 5 percent payout calculation. These are defined as expenses “directly attributable to direct charitable activities, grant selection, grant monitoring and administration activities, compliance with applicable Federal, State or local law, or furthering public accountability of the private foundation.” Thomas also excludes the cost of private jets or first class air fare from allowable administrative expenses.

The Hutchison bill is narrower than the compromise proposed by Thomas. It disallows administrative costs for all “disqualified persons” fees, travel outside the United States and first class travel. Both bills reduce the excise tax on investment income from as much as 2 percent to a flat 1 percent.

A new study released last week sheds light on the issue of fees for foundation trustees and board members. [Foundation Trustee Fees: Use and Abuse](#), published by the Georgetown Public Policy Institute, notes that these

fees count toward the minimum 5 percent payout. Using IRS data and phone interviews, the researchers found that of the 238 foundations surveyed, trustees were paid \$44,891,982 in fees in 1998. Roughly two-thirds (64 percent) of large foundations and 79 percent of small foundations pay some kind of fee to their boards. If Congress makes these expenses ineligible to count toward payout, the funds could be used for grants.

H.R. 7 also includes elimination of the requirement to track grassroots and direct lobbying separately and a host of charitable giving incentives. On Sept. 3 the [Joint Committee on Taxation](#) released an analysis of the revenue loss the incentives would trigger. The total cost of the bill is \$11.7 billion over ten years. The three most expensive items are the nonitemizer deduction (\$2.8 billion between 2004-2006, \$2.7 billion for the deduction for contributions made from rollover of Individual Retirement Accounts, between 2003-2013, and \$643 million for reduction of the foundation excise tax, also between 2003-2013).

Majority Leader Tom DeLay (R-TX) said the bill would go to the House floor some time in September, and Blunt said he expects it to be considered next week.

See our [summary and comparison of H.R. 7 and the Senate's CARE Act](#) for further details.

100 Hours of Continuous Testimony to Save AmeriCorps

AmeriCorps' actions are felt throughout the nation.

Yet congressional budget cuts may mean many cities will do without AmeriCorps' services. In Memphis, Michael Warr will have to drop 220 families from his home visitation program at the Porter-Leath Children's Center if Congress does not fully fund AmeriCorps. Sister Mary Johnice Rzadkiewicz will have trouble finding dedicated people to take food to the homebound in Buffalo, N.Y., or give a helping hand to the homeless.

In Bridgeport, Conn., Robert Francis will be forced to cut his staff of 55 AmeriCorps volunteers in his community organization down to 25, which he fears might be too few to run his Safe Neighborhood Partnership program. And in Maryland, the Forests and Park Service will lose half their staff, leaving the state's natural resources less protected and new restoration projects on hold.

On July 21, the House Appropriations Committee defeated a move to add \$100 million to AmeriCorps dwindling budget for the current fiscal year, which ends Oct. 1. According to the [Washington Post](#) members of the House

Appropriations Committee were acting on the belief that AmeriCorps parent organization, Corporation for National and Community Service, had mismanaged their current budget and therefore should not receive any additional funding.

AmeriCorps hands out grants to national nonprofit organizations (such as the Boys & Girls Clubs of America and Save the Children) and to state commissions, which in return dole them out to local nonprofits and faith-based groups. There are more than 900 community service programs nation-wide that rely on AmeriCorps' resources. Every organization that houses AmeriCorps' members will feel the impact of these cuts, and some will even have to stop providing much-needed services to their community.

Meanwhile, both President Bush and the United States Senate have publicly supported fully funding AmeriCorps. Yet the promise of maintaining the 50,000 volunteer spots for 2003-2004 looks bleak since the House Republican leadership has shown no signs of agreeing to add in the extra money.

A coalition of 50 AmeriCorps-affiliated groups formed the Campaign to Save AmeriCorps to respond to these program breaking budget cuts. The Campaign took a dramatic new step on Sept. 2 when Voices for AmeriCorps began a 100-hour national town hall meeting with around-the-clock testimony on Capitol Hill about the importance and impact of national service. Hundreds of Americans – from Alaska to Mississippi, from CEOs to AmeriCorps alumni, and from senator to citizen – came to the nation's capital to testify in this unprecedented 'people's hearing' for national service.

Voices for AmeriCorps continued through last week with 716 confirmed testimonies. Some of the people who testified on behalf of AmeriCorps included Sen. Hillary Clinton (D-NY); Sen. Diane Feinstein (D-CA); Sen. Edward Kennedy (D-MA); Walter Isaacson, President and CEO of the Aspen Institute; Rodney Slater, head of transportation during the Clinton administration; and the Goo Goo Dolls. All statements will be presented to President Bush and Congress along with a petition with over 50,000 signatures. To be part of Voices for AmeriCorps [sign the petition](#).

NPAction.org: Online Resource for Nonprofit Advocacy Launches



OMB Watch recently launched NPAction.org, an online resource that provides tools for nonprofit advocacy. NPAction is an attempt to better engage nonprofits in the policy processes that affect them, while strengthening the capacity of those already active. For the first time, nonprofit organizations will be able to access useful materials, read advice from seasoned advocates, and connect to decision-makers through one-stop access to a range of continuously updated content, information services, and reference tools.

NPAction is the result of countless input from nonprofits across policy issues and geographic areas. It is supported by an national nonprofit advisory committee, and partner organizations like [Charity Lobbying in the Public Interest](#).

Ready or Not, Here Comes the DUNS Number Requirement

Beginning on October 1 all federal grant applicants must have a Dun and Bradstreet "DUNS" number (Data Universal Numbering System) to apply for or renew federal grants, or submit plans under mandatory grant programs. The Office of Management and Budget (OMB) announced the new requirement in a June 27 [notice of final policy issuance](#). OMB said, "The identifier will be used for tracking purposes, and to validate address and point of contact information." A universal identifier also eliminates the need for separate identification numbers in different federal agencies.

The good news is that obtaining a DUNS number is relatively painless. Organizations can receive a DUNS number at no cost by simply calling Dun and Bradstreet's dedicated toll-free DUNS number request line at 1-866-705-5711. The information needed to request a DUNS number is very minimal and you will receive your number in 24 hours.

The DUNS number will be required regardless of whether the applicant is submitting a paper application or

electronically filing through Grants.gov. For more information see our [DUNS number fact sheet](#).

EPA Rolls Back Clean Air Standards for Power Plants

The Bush administration recently approved [a major rollback of the nation's clean air standards](#) that will allow increased pollution from the oldest and dirtiest power plants.

Under the rule changes, these plants can upgrade their facilities without having to install the latest anti-pollution controls (as they were previously required to do under EPA's New Source Review program) even if it results in new emissions. Anti-pollution controls must be added only if upgrades exceed 20 percent of the value of all equipment used to produce electricity, an extremely high threshold.

This loophole -- which builds on [previous rollbacks announced last year](#) -- will result in at least 20,000 premature deaths per year, 400,000 asthma attacks, and 12,000 cases of chronic bronchitis, [according to the Clean Air Task Force](#).

In writing the Clean Air Act, Congress exempted older plants from compliance with new emissions standards because it was generally thought they would be phased out -- an assumption that turned out to be wrong. Yet instead of pushing these plants to clean up their act, the Bush administration has given them a permanent free pass.

The explanation appears to be rooted in the administration's cozy relationship with electric utilities, which [gave more than \\$26 million](#) to Republicans in the 2000 and 2002 election cycles -- more than double what they gave Democrats.

"The Bush administration, using an arbitrary, Enron-like accounting gimmick, is authorizing massive pollution increases to benefit Bush campaign contributors at the expense of public health," [said John Walke](#), director of the Clean Air Project at the Natural Resources Defense Council. "Corporate polluters will now be able to spew even more harmful chemicals into our air, regardless of the fact that it will harm millions of Americans."

Administration Moves to Allow Snowmobiles in National Parks

The Bush administration recently proposed standards to allow the continued use of snowmobiles in Yellowstone and Grand Teton national parks, overturning a Clinton-era ban that was never allowed to take effect.

The administration previously refused to defend the ban in court, and instead reached a settlement with snowmobile manufacturers, agreeing to revisit the issue. The Park Service suspended the ban in November of 2002, just a month before the first phase-outs were to begin and before the official start of snowmobiling season. In March, the administration announced that it would allow as many as 1,140 snowmobiles to enter the parks each day during the 2003-2004 winter season -- about the normal amount of traffic.

The proposed standards move toward implementing that decision despite a recent two-year study that found a ban "best preserves the unique historic, cultural, and natural resources" and would result in the "lowest levels of impacts to air quality, water quality, natural soundscapes and wildlife."

The Park Service will be accepting comments on the proposal through Oct. 14 and will likely issue final standards before the start of the snowmobile season in December.

EPA Allows Sales of PCB-Contaminated Sites

EPA recently lifted a 25-year ban on the sale of land contaminated with polychlorinated biphenyls or PCBs, according to USA Today.

The newspaper obtained an Aug. 14 internal memo in which an agency official called the ban “an unnecessary barrier to redevelopment.” Previously, polluted properties could not be sold until PCBs were cleaned up. The policy change will make it more difficult to track the sale of contaminated sites, of which there are more than 1,000 nationwide, according to EPA officials.

PCBs were once widely used in the United States as lubricants and coolants. But this stopped in the late 1970s when they were found to build up in the environment and endanger human health. The government recognizes PCBs as probable carcinogens, and studies have found them to damage the liver, kidney, stomach and thyroid gland.

Administration Relaxes Emergency Room Standards

The Bush administration recently eased emergency room standards in ways that may make it more difficult to receive medical care.

Due to the administration’s changes:

- **Patients may have trouble seeing specialists in a timely manner.** The new measures give hospitals greater discretion in developing “on-call” lists for staffing emergency rooms. Doctors will now be permitted to be on-call simultaneously at more than one hospital and will be allowed to perform elective surgeries while on-call.
- **Patients may be denied care by certain facilities.** Previously, patients were entitled to emergency care at all hospital departments, including those not at the main hospital. An “off-campus” facility will only be required to provide emergency care to all if it is licensed as an emergency department; if it is “held out” as

a place for emergency care; or if emergency treatment counted for one-third of its outpatient visits in the previous calendar year.

The new standards also narrow the definition of "hospital property" where individuals are entitled to care. The new definition excludes areas or structures of the hospital's main building that are not part of the hospital, such as physician offices, rural health clinics, and skilled nursing facilities. As one commenter pointed out, this is worrisome, in that individuals seeking medical care may be confused or agitated and have trouble determining whether a particular area is devoted to emergency care. In some cases individuals may actually be physically unable to proceed to the proper emergency treatment area.

"This really speaks volumes about the administration's priorities that it focused on limiting emergency room care and has dismally failed to make any progress in expanding coverage for the growing number of people who are uninsured," Ron Pollack, executive director of Families USA, told the Washington Post.

The standards take effect Nov. 10.

Administration Refuses to Act on Greenhouse Gases from Automobiles

EPA recently denied a petition from environmental organizations imploring the agency to regulate carbon dioxide and other greenhouse gas emissions from automobiles.

The petitioners -- Greenpeace, the Sierra Club and the International Center for Technology Assessment -- argued that EPA is obligated by the Clean Air Act to regulate greenhouse gases emitted from mobile sources. The agency countered that it does not have such authority and stated its belief that "setting GHG [greenhouse gas] emission standards for motor vehicles is not appropriate at this time." In fact, the Clean Air Act requires the EPA to limit all air pollution from automobiles that "may reasonably be anticipated to endanger public health or welfare." (Section 202 (a)(1)) Greenhouse gases do not directly harm humans, but scientists blame them for global warming, which poses an enormous threat.

"Refusing to call greenhouse gas emissions a pollutant is like refusing to say that smoking causes lung cancer," said Melissa Carey, climate policy specialist with Environmental Defense. "It's time to stop the denial and start

focusing on solutions."

The Bush administration has continually denied the problem of global warming, ignoring scientific consensus. Most recently, the White House forced EPA to drop a section of a report on climate change that blamed human activity -- such as rising concentrations of smokestack and tail pipe emissions -- for contributing to the problem.

The environmental groups are now expected to sue EPA in an effort to force the agency to impose regulatory controls. Meanwhile, Congress is expected to consider legislation imposing greenhouse gas restrictions in the coming months.

Senators and Past Administrator Speak Out on EPA Response to 9/11

Sens. Hillary Clinton (D-NY) and Joseph Lieberman (D-CT) sent a critical letter to President Bush Aug. 26, asking why the administration conveyed incomplete information about air quality hazards in New York City immediately after 9/11. The letter comes shortly after the Environmental Protection Agency (EPA) Inspector General issued a report revealing the White House edited EPA public statements on air pollution to be more reassuring.

As reported in an Aug. 25 OMB Watch article, the IG report outlines EPA's actions in response to the terrorist attacks of 9/11. The investigation found that the White House heavily edited EPA public communications, removing recommendations on home and office cleaning, references to dangers to high risk populations, and cautionary statements.

In their letter to Bush, Clinton and Lieberman expressed concern over the administration's actions, criticizing the White House handling of the situation. The senators called for several actions including the execution of a post-cleaning testing program at residences, implementation of a post-cleaning verification process at residences, and collaboration with Federal Emergency Management Agency (FEMA) and Occupational Safety & Health Administration (OSHA) to assess whether the testing and cleaning program should expand to Lower Manhattan workspaces.

The senators also requested information related to the press releases – the identification of White House officials involved in editing the EPA statements, the rationale for the editorial changes, and all communication between

the White House and EPA concerning New York City air quality. They seek a response by Sept. 5. Both Senators serve on the Senate Clean Air, Wetlands and Climate Change Subcommittee, which held a hearing on February 11, 2002 to investigate issues of NYC air quality post 9/11.

In a letter to the Senate Environment and Public Works Committee Chairman James Inhofe (R-OK) on Sept. 4, Sens. Jim Jeffords (I-VT), Bob Graham (D-FL), Clinton and Lieberman requested a full committee hearing by Sept. 18 on the safety of indoor and ambient air quality in Lower Manhattan post 9/11.

In an interview with Newsweek, former EPA administrator Christine Todd Whitman said she did not disagree with the White House edits saying, "We didn't want to scare people" and the more reassuring statements caused no harm. She denied that EPA was told to lie. Critics point to Whitman's ties to Citigroup and Travelers Insurance, which saved millions in cleanup costs after Manhattan was pronounced safe, as a possible conflict of interest.

