



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

July 30, 2008
(House)

STATEMENT OF ADMINISTRATION POLICY

H.R. 6599 – Military Construction, the Department of Veterans Affairs, and Related Agencies Appropriations Act, 2009

(Sponsor: Rep. Obey (D), Wisconsin)

The President believes that meeting the needs of our veterans must be among the highest priorities of our Nation; thus the Administration proposed a 15 percent increase in funding to fully meet these needs and to address military construction requirements. The Administration is concerned that H.R. 6599 fails to similarly focus spending on need. The bill is laden with costly earmarks and contains overall excessive spending, as well as other objectionable provisions.

The President has proposed a responsible plan to balance the budget by 2012 by restraining spending, reducing earmarks, and keeping taxes low. The Administration supports a discretionary limit of \$991.6 billion in FY 2009, which is a \$50 billion or 5.3 percent increase over the FY 2008 enacted level. If Congress believes additional spending is needed, that funding should be offset with reductions to lower-priority programs without adding to the Government's burden on taxpayers. Instead, the Appropriations Committee's spending allocations exceed the President's discretionary spending levels by nearly \$25 billion.

The President's FY 2009 Budget increases funding for the Military Construction and Veterans Affairs (VA) appropriations bill by 15 percent, a high priority within the \$991.6 billion topline. The Administration believes that the robust increase in spending for VA, 104 percent above the level when the President took office, provides ample resources to ensure veterans receive the quality care they deserve. If Congress determines that additional resources above the President's request are needed, Congress must provide reductions in other appropriations bills to offset this increase and meet the President's topline of \$991.6 billion. If Congress increases VA funding above the President's request and does not offset this increase with spending reductions in other bills, the President will veto any of the other bills that exceed his request until Congress demonstrates a path to reach the President's topline.

Last year the President called on Congress to implement meaningful reforms to the congressional earmarking process and to cut the number and cost of earmarks by half. Unfortunately, the FY 2008 bills did not meet these common-sense goals. In his State of the Union Address the President again called on Congress to add needed transparency to this process and pledged to veto bills that do not meet the goal of cutting the number and cost of earmarks in half.

In an effort to increase transparency, the President also issued an Executive Order to all Federal agencies directing them to ignore earmarks that are hidden in report language or other non-statutory documents. Unfortunately, Congress chose to respond with procedural gimmicks rather than subjecting earmarks to the light of day. The Administration strongly opposes attempts to

avoid transparency and accountability in federal spending.

The Administration also opposes the Appropriations Committee's plan to shift \$4 billion from the request for the Defense appropriations bill to non-defense spending. This is inconsistent even with the Budget Resolution adopted by the congressional majority and risks diminishing the war-fighting capacity of our troops in the field.

The Administration would like to take this opportunity to share additional views regarding the Committee's version of the bill.

Military Construction

The Administration appreciates that the bill supports the President's military construction request and provides the resources and infrastructure for the Nation's fighting forces at home and abroad. However, the Administration opposes, and urges Congress to eliminate, more than 100 unrequested projects that needlessly burden taxpayers with over \$500 million in spending.

The Administration strongly opposes the \$140 million reduction to the President's \$241 million request for European Missile Defense Site construction. This significant reduction could jeopardize the security of the United States and our European allies by delaying the fielding of missile defense assets to protect against the emerging missile threat posed by Iran.

Additionally, the bill imposes several requirements that impede the Secretary of Defense's flexibility during a time of conflict.

- Section 111 prohibits awarding architecture or engineering contracts over \$500,000 in some foreign countries unless the contract is awarded to a U.S. firm or a joint venture involving a U.S. firm. This limits the contracting options available to the Department of Defense (DOD), driving construction costs upwards.
- Section 113 requires the Secretary of Defense to inform Congress 30 days prior to expenditures over \$100,000, limiting the ability of the Secretary to quickly meet the needs of forward deployed personnel.
- Section 114 requires no more than 20 percent of funds available be obligated during the last two months of a fiscal year, again limiting the Secretary's ability to wisely execute military construction funds.
- Section 127 bars the Department from actions related to or promoting the expansion of the Pinon Canyon Maneuver Site, Colorado, severely limiting the Army's ability to pursue alternatives required to address critical training shortfalls for units stationed or being stood up at Fort Carson, Colorado in support of Grow the Force and Army Transformation.

The Administration urges the House to remove these burdensome and restrictive provisions.

Base Realignment and Closure (BRAC) 2005

The Administration appreciates the Committee's full funding of the President's FY 2009 request to implement the recommendations of the 2005 BRAC Commission. The funding will allow DOD to implement successfully its plans for FY 2009, including the continuation of military construction projects necessary to accommodate base realignments and move personnel back to

the United States from bases overseas.

Department of Veterans Affairs (VA)

The Administration appreciates the Committee's continued support of the Nation's veterans but believes that the President's FY 2009 Budget for VA provides the resources needed to ensure that the Nation's veterans, including those returning from current combat operations, receive the quality care and services that they deserve. The President's discretionary request for veterans is an increase of more than 104 percent above the level enacted when he took office.

The President's FY 2009 Budget includes the resources necessary to provide the best possible care and services for the Nation's veterans, including improvements and expansions to medical care facilities and cemeteries. The Administration agrees with Congress on the critical importance of providing needed care to the Nation's veterans and looks forward to working together on an appropriate funding level within the President's overall discretionary topline for FY 2009.

The Administration continues to believe that the VA medical care system should focus on its core population -- veterans with service-connected disabilities, lower-incomes, special needs, and those returning from combat. As a result, the Administration strongly opposes expanding the eligible population of priority level 8 veterans by 10 percent. Similar to what happened between 1999 and January 2003, this expansion would jeopardize both access to care for the Nation's veterans in its core population and sustainability of high-quality care for which VA has been recognized.

The Administration is concerned that the Committee did not adjust the funding level of the Readjustment Benefits account to reflect the increased costs of the Post-9/11 Veterans Educational Assistance Act of 2008 included in the 2008 Supplemental Appropriations Act and urges the inclusion of this funding in the final bill.

Constitutional Concerns

Sections 107, 110, and 113 of the bill call for prior notice to congressional committees of relocation of activities between military installations, initiation of a new installation abroad, or U.S. military exercises involving \$100,000 or more in construction costs. Such mandatory disclosure requirements could infringe upon the President's foreign affairs, commander-in-chief, and national security powers where the President deems nondisclosure necessary to protect national security and/or tactical military or diplomatic efforts. These provisions should be amended to delete such direction or be made permissive.

Several provisions of the bill purport to require approval of the Committees prior to Executive Branch action. These include sections 125, 201, 202, 211, 221, and 222, and under the headings, "Information Technology Systems" and "Construction, Major Projects," both in Departmental Administration, Department of Veterans Affairs. These provisions should be revised to require only notification since any other interpretation would contradict the Supreme Court's ruling in *INS v. Chadha*.

* * * * *