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OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 20, 2008
(Senate)

STATEMENT OF ADMINISTRATION POLICY
HR 2642 – Supplemental Appropriations Bill of 2008

The Administration strongly opposes the Senate amendments to H.R. 2642, Supplemental Appropriations Bill of 2008, as reported by the Committee on Appropriations. Four weeks ago and prior to the development of this legislation, the President made clear that an acceptable bill must provide our troops the resources they need, while not tying the hands of our commanders or imposing artificial timelines for withdrawal. The President also made clear that this bill must be fiscally responsible and not exceed the \$108.1 billion request for fiscal year (FY) 2008 that was delivered to Congress months ago. Because Congress has failed to address these criteria as described below, if this bill were presented to the President in its current form, he would veto it.

As General David Petraeus and Ambassador Ryan Crocker recently testified to Congress, our strategy in Iraq is working to bring greater security and allowing for political progress. These positive developments are in the national interest of the United States. Both the Administration and the Congress must continue to support our brave men and women in uniform who have made this success possible.

The committee-reported bill seeks to tie the hands of our military commanders and includes an artificial timeline for withdrawal. Precipitous withdrawal from Iraq would embolden our enemies and confirm their belief that America will not stand behind its commitments. It could lead to a safe haven in Iraq for terrorism that could be used to attack America and our interests around the world, and is likely to unleash chaos in Iraq that could spread across the region. Additionally, the Administration strongly opposes attempts to limit the much needed flexibilities of our commanders in the field during this and future conflicts by codifying current policy regarding deployment schedules.

This legislation includes billions of dollars of unrequested domestic spending, all of it in excess of the President's request of \$108.1 billion for FY 2008. The Administration has offered responsible solutions for domestic concerns that do not require additional government spending, and the Administration urges Congress to adopt that approach. The Administration believes there is a time and place for domestic funding to be debated and considered on its merits, but that is not in a bill focused on the emergency needs of our troops. Last week, the Administration issued a veto threat on the excessive spending added to this bill by the House of Representatives. The committee-reported bill moves even further in the wrong direction, adding another \$10 billion in unrelated spending to the President's request, and numerous authorizing provisions that have no place in a troop funding bill.

The Administration supports enhancements to the Montgomery GI Bill and to that end transmitted a legislative proposal on April 25, 2008 to allow for the transferability of unused

education benefits to spouses or dependent children of military personnel. Not only does this legislation lack such transferability, the Administration is also concerned that because of the high benefit for limited service included in this bill, it could harm retention rates within the armed forces. Any additional legislation should reward those who have agreed to serve while strengthening our all volunteer force as outlined by the Secretary of Defense in his letter to the Senate Armed Services Committee. The Administration is supportive of alternative legislation now pending in the Senate and looks forward to addressing these issues with Congress in the context of future legislative activity.

The unemployment rate is 5.0 percent -- a low rate by historical and economic standards. The current unemployment insurance program already provides significant assistance; including six months of benefits and extended benefits beyond six months if a state has a high and rising unemployment rate. Increasing and extending unemployment insurance benefits when unemployment is this low would be unprecedented and counterproductive because it would reduce the incentive for workers to find new employment.

The committee-reported bill would block the Centers for Medicare & Medicaid Services (CMS) from implementing important regulations protecting the fiscal integrity of the Medicaid program, would put billions of dollars of Federal funds at risk, and would turn back progress that has already been made to stop waste, fraud and abuse in Medicaid. It also includes a provision delaying the Administration's efforts to ensure that states prioritize the enrollment of low-income children under the States Children's Health Insurance Program and minimize taxpayer dollars replacing private sector health insurance coverage.

The Administration strongly opposes the Emergency Agriculture Relief Act, which would grant illegal agricultural workers lawful status for up to five years, with the opportunity to seek lawful permanent residence during that period, as long as they have done some farm work somewhere in the world in the last two years. The Administration supports a balanced program -- strong border and interior enforcement, a temporary worker program, a sensible and fair way to deal with people here illegally, and assimilation measures. Unless Congress adopts reforms in all of these areas, this bill's grant of legal status to as many as 1.35 million illegal workers, plus their spouses and children, will simply encourage more illegal border crossings. Moreover, the bill would revive some of the worst abuses of the 1986 law, including document fraud and the creation of a safe haven from enforcement.

Other Concerns

The Administration submitted to Congress a partial year request for our troops in FY 2009, which includes account level detail for the allocation included in the President's FY 2009 Budget. If Congress chooses to provide funding for FY 2009 it must remain focused on our troops and national security and not be a vehicle for additional domestic spending.

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