



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

March 15, 2006
(House)

STATEMENT OF ADMINISTRATION POLICY

H.R. 4939 – Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006

(Sponsors: Lewis (R), California; Obey (D), Wisconsin)

The Administration supports expeditious House passage of the FY 2006 Emergency Supplemental for the Global War on Terror and Hurricane Relief, as reported by the House Committee, and commends the Committee for its continued support of our fighting men and women in ongoing military and intelligence operations, selected other international activities, and hurricane relief and reconstruction.

The Administration appreciates the Committee's strong commitments to the President's funding request for ongoing military operations in the Global War on Terror (GWOT) and the purchase of equipment directly related to those operations, and for confronting the threat to our forces from improvised explosive devices. The Administration commends the Committee for funding the President's request for international funding for counter-insurgency and stabilization activities in Iraq and urgent, unanticipated needs to help relieve human suffering, including in Sudan and other parts of Africa.

The Administration also appreciates the support the Committee has provided for repairing, rebuilding, and restoring the many Federal facilities and properties that were damaged and otherwise affected by hurricanes Katrina, Rita, and Wilma, as well as improvements to the levee system in the Greater New Orleans metropolitan area and funding to restore the numerous wildlife refuges and National Park units situated along the coast that suffered devastating damage. The Administration commends the Committee for including requested funding for Small Business Administration disaster loans and the Community Development Block Grant (CDBG), but is concerned that the CDBG funding in the bill is not targeted to flood mitigation for housing and infrastructure in Louisiana.

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

Defense-Related Activities

The Administration opposes the elimination of funding for police infrastructure from the request for the Iraqi Security Forces Fund (ISFF) and the Afghan Security Forces Fund (ASFF). This \$696 million cut to ISFF and \$346 million cut to ASFF would set back efforts to build police forces by denying them the ability to operate from secure, efficient facilities. Such setbacks hamper the effort to build forces able to secure the peace and foster continued democratic transition in these two countries. The Administration urges the House to restore this funding.

In addition, the Administration opposes the reduction of \$104 million from the Army's Operation and Maintenance account that is intended to sustain Iraqi military forces operating side-by-side with American units. This funding is needed to ensure that Iraqi units go into combat with the support they need to succeed. Until the Iraqi forces can operate independently, this support will remain critical to their participation in the fight against the terrorists. It is important for them, and for the Iraqi people as a whole, to see their own armed forces working to secure their continued freedom.

The Administration requests that the House restore the \$300 million reduction to coalition support and fully fund the \$1.5 billion request. Reimbursing cooperating nations for logistical and military support they provide is critical to the coalition's success in the War on Terror. Reducing the request limits the military's ability to leverage this international support.

The Administration opposes the \$107 million reduction to the Administration's \$167 million military construction request for urban bypass roads. Constructing these bypass roads in Iraq is a critical force protection measure and will enhance the protection of U.S. forces. The Administration urges the House to restore this funding and welcomes the opportunity to provide additional explanation where needed to ensure that this critical force protection project is fully funded.

The Administration urges the House to restore the \$759 million reduction to Air Force Operation and Maintenance, which would negatively impact critical operations. The Committee believes that the President's request replicates funding for fuel previously provided in Title IX of P.L 109-148 (Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006). However, the Title IX fuel funding provided by Congress was accounted for in the President's supplemental request. Thus, the loss of \$759 million will reduce Air Force funding for intra-theater airlift in support of special operating forces and ongoing critical intelligence programs.

The Administration requests that the House include the requested General Provision for funding supervision and administrative costs for construction contracts funded by the Department of Defense (DOD) with the Iraq Relief and Reconstruction Fund. Failure to include this provision could result in delayed execution of DOD-funded construction project oversight, potential additional construction contract costs, and the need to find a currently undetermined source of funds to continue the project oversight of DOD-funded reconstruction work in Iraq.

In addition, the Administration opposes the reduction in requested transfer authority from \$4 billion to \$2 billion. The Administration also urges the House to provide the additional \$1.25 billion in transfer authority for funds provided in the FY 2006 DOD Appropriations Act. The lack of additional transfer authority and needed flexibility will hamper DOD's ability to ensure that funding goes to our most pressing requirements, especially those contributing to our GWOT operations.

The Administration looks forward to working with Congress to address any issues raised by the classified annex as the legislative process continues.

International Affairs Activities

The Administration urges the House to include the requested authorization and the funding of related subsidy costs for the United States to cancel all outstanding bilateral debt owed by the Government of Afghanistan. Debt forgiveness will remove a major impediment to the normalization of Afghanistan's economic relations with the world, and the timetable for action through the Paris Club is as early as this June. Absent authorization, the United States will not be able to forgive Afghanistan's debt.

The Administration appreciates the Committee's support for U.S. Agency for International Development (USAID) Operating Expense requirements, but urges the House to fully fund the President's supplemental request for security costs and critical operations in Iraq, Afghanistan, and Sudan. The Committee bill reduced the President's request by \$80 million. These funds are needed because of the extraordinary cost of supporting aid programs in extremely high-threat environments.

The Administration opposes the rescission of \$17 million from the Coalition Solidarity Initiative within the Peacekeeping Operations account included in the Committee bill. These funds are needed to continue military assistance to help our partners who have taken significant political risks and borne financial and military burdens by deploying with U.S. troops in Afghanistan and Iraq. These funds were appropriated by the Congress for use through fiscal year 2006 and will be required to help coalition partners meet the extraordinary defense costs being incurred as a result of coalition participation. Planning is well underway to obligate the majority of these remaining funds for specific military assistance projects.

Hurricane Relief

The Administration appreciates the Committee providing the requested \$4.2 billion for the CDBG program, but strongly objects to the absence of requested language directing that these funds be used to address flood mitigation needs in Louisiana. Southern Louisiana faces a unique need to mitigate against future flooding disasters because much of its land is below sea level; simply repairing damaged housing and infrastructure to their pre-Katrina condition is insufficient. The requested funds would give Louisiana additional resources to make infrastructure improvements, acquire homes and other real property, relocate or elevate homes, or use other means to reduce the risk of future damage and loss from flooding, consistent with State and local plans. The Administration urges the House to include the requested targeting of funds for Louisiana.

The Administration appreciates the Committee's support for the President's proposed actions to strengthen the Greater New Orleans hurricane protection system, including improvements to the levee system and restoration of surrounding wetlands to provide additional flood and storm protection. The Administration urges Congress to concurrently authorize the U.S. Army Corps of Engineers so that they can start work promptly on the construction of permanent floodgates and pump stations on interior drainage canals, as well as the storm-proofing of existing pump stations.

The Administration opposes the bill's \$250 million reduction of the \$1 billion requested to address the damage caused by Hurricane Katrina to Gulf Coast shipyards that are working on Navy ships. This reduction would adversely impact the shipyards' ability to recover from the effects of Hurricane Katrina and possibly lead to increased costs and delays for ships under construction. In addition, the Administration urges the House to provide funding for two operational construction projects needed due to storm damage for the Army National Guard at Jackson Barracks, Louisiana.

The Committee's bill denies the Administration's request for \$300 million in transfer authority for hurricane-related funds. This lack of additional transfer authority limits the flexibility of DOD to allocate funds appropriately in an environment in which cost estimates are continually being updated. In addition, the Committee's bill does not include a requested General Provision that would expand the scope of existing transfer authority to include military construction. Existing transfer authority does not allow DOD to transfer funds between Operation and Maintenance accounts and Military Construction accounts. This needed provision would give DOD the flexibility it needs to transfer funds between such accounts and would ensure that funds are appropriately allocated as the variations in construction costs become clearer.

Other Activities

The Committee bill includes a rescission of \$43.6 million from the Immigration and Customs Enforcement (ICE) information technology program. The rescission of unobligated balances in ICE's automation modernization account will have a negative impact on ICE's ability to implement an agency-wide upgrade of its information technology capabilities. The Administration urges the House to restore these funds.

The Administration appreciates the Committee's efforts to address low-income families affected by increased home heating costs through its changes to the Deficit Reduction Act of 2005, which affects the Low Income Home Energy Assistance Program (LIHEAP). Further, the Administration supports the flexibility and funding level of the \$750 million provided for the contingency fund in the House bill, which would allow the Administration to target funding to those most adversely affected by rising energy prices and the impact on their home heating bills.

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