



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

June 4, 2002
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 2551 - Making Supplemental Appropriations for Further Recovery From and Response to Terrorist Attacks on the United States, FY 2002
(Sen. Byrd, (D) West Virginia)

This Statement of Administration Policy provides the Administration's views on the FY 2002 Emergency Supplemental Bill as reported by the Senate Appropriations Committee.

While the Senate Committee bill funds the Defense request at the President's level, it exceeds the President's request for other programs by more than \$4 billion and funds numerous lower priority non-emergency programs as "emergency" needs. The Administration strongly opposes this bill and also would strongly oppose any amendment to further increase spending above the President's request. For instance, the recently enacted Farm Bill provides an historically high level of agriculture spending that can accommodate funding for emergencies, economic assistance, rural development, and other purposes. The Administration supported the Farm Bill to ensure farmers have the resources they need. The Farm Bill breaks the bad fiscal habit of needing to pass emergency agricultural spending bills including drought assistance and other supplemental payments that make it difficult for Congress to live within its budget leading to uncertainty for farmers, ranchers and their creditors. The Administration strongly opposes any new agriculture spending.

In addition, the bill severely constrains the President's ability to fund emergency homeland requirements by compelling him to release non-emergency money provided in the bill. If the supplemental appropriations bill were presented to the President in its current form, his senior advisers would recommend that he veto the bill.

Overall Funding Level

The proposals for emergency funding included in the President's request were crafted to provide critical resources to support the war on terrorism, secure the homeland, and help dislocated workers as the Nation continues to recover and rebuild following the September 11, 2001, terrorist attacks. It is important to note that Congress has already provided \$40 billion since September 11th and only half of those funds have been spent. The President's FY 2002 emergency supplemental

request was targeted at this year's immediate emergency needs and funding in addition to this request is not warranted at this time.

The Senate bill includes scores of unneeded items that total billions of dollars -- all classified as an "emergency." The bill adds unrequested funds for numerous programs and projects throughout nearly all of the Federal agencies. While some of these items relate to homeland security, many do not, including: \$11 million to the National Oceanic and Atmospheric Administration (NOAA) for economic assistance to New England fishermen and fishing communities; \$26.8 million for the U.S. Geological Survey for urban mapping activities; \$2 million for the Smithsonian to begin design of an alcohol storage facility for specimens away from the Mall (President's FY 2003 Budget already includes funding for this project in FY 2003); and, a directive for the Department of Energy to construct duplicate waste treatment plants in Ohio and Kentucky that will cost at least \$100 million more than necessary. In addition, without regard to the quality of the awards, the bill requires \$26 million more new Advanced Technology Program awards than the Administration recommends for 2002. These awards are not related to homeland security needs, may not meet the Federal Government's standard of peer review, and over their duration are likely to cost the government over \$75 million.

While the Administration is pleased that the Senate Committee provided \$1 billion of the \$1.3 billion needed to finance the Pell grant shortfall, the Administration objects to the provision that designates these funds as an "emergency." The Administration urges the Senate to follow the House's lead and offset this funding. The Administration will continue to work with Congress to identify offsets necessary to finance this and any other non-emergency activities that have not been fully paid for in the bill.

The Administration believes the funding requested for assistance to Colombia is crucial to support the struggle against drugs and terrorism in that country. The reductions in funding and the restrictions on the requested expansion of counternarcotics authorities in Colombia will impede the Administration's prospects of defeating these twin threats.

Homeland Security Needs

While the Senate Committee bill fully funds the President's request for the Transportation Security Administration (TSA), the Senate version of the bill provides \$2.6 billion more than the Administration requested for homeland security-related funding. This funding could not possibly be obligated in the remaining months of this fiscal year, and therefore is not an emergency.

The Senate bill provides \$175 million in new, unrequested funding for the Agriculture Department for research, inspection, and monitoring activities related to bioterrorism. Significant resources have already been provided through the Emergency Response Fund (ERF) as well as in the FY 2003 President's Budget request. For example, funding provided for the construction and renovation of an Ames, Iowa facility is redundant because a total of \$90 million has been provided for FY 2002 as part of the ERF and regular appropriations, so that additional funding is not needed in FY 2002 and FY 2003.

The Senate Committee also added \$100 million for nuclear non-proliferation activities for the National Nuclear Security Agency (NNSA). It is not possible for NNSA to use these funds in the remaining four months of the current fiscal year. The Senate bill also provides \$315 million in unrequested funds for Centers for Disease Control and Prevention (CDC) buildings and facilities, including \$278 million for accelerated planning, design, and construction of new facilities, of which \$28 million is designated as bioterrorism-related. CDC will not be able to obligate this additional funding in FY 2002 since they may not even be able to obligate all of the \$250 million they already received in FY 2002 for buildings and facilities. To date, CDC has obligated approximately \$18 million (7 percent) of its FY 2002 funding. In addition, the appropriate analyses have not yet been completed for many of these activities making it unlikely that these funds would be spent until well into FY 2003.

The bill also includes \$85 million for the Justice Department's COPS program to create a new grant program to finance communications equipment for local first responder agencies. Communications equipment is a major focus of the \$3.5 billion first responder initiative the President has proposed for FEMA in his FY 2003 budget. The creation of a new grant program for these purposes in the Department of Justice runs counter to the Administration's proposal to consolidate First Responder programs in FEMA, and in any event is duplicative of efforts currently underway in the Office of Justice Programs and FEMA.

The Administration also objects to the proposed creation of a Principal Associate Deputy Attorney General for Counter-terrorism. While well-intentioned, the creation of this position would hinder, rather than enhance, the Administration's counter-terrorism efforts by creating another unnecessary layer of bureaucracy. In addition, this position would complicate recently announced restructuring plans by the Federal Bureau of Investigation to enhance counterterrorism efforts.

Restrictions on Presidential Authorities

The Senate version of the bill also unduly restricts the President's prerogatives in numerous areas. First, it requires the President to designate "all or none" of the non-defense funding contained in the bill as an emergency. The Budget Enforcement Act provides that the President retain control over the release of emergency funds added by the Congress to ensure that the funds respond to critical emergency needs. By contravening this long-established budget enforcement mechanism, the Senate would require the President to waste taxpayers' dollars on low-priority, non-emergency items in order to access vital high-priority homeland security and recovery funding.

The Senate version of the bill also requires payment of \$34 million to the United Nations Population Fund (UNFPA) by July 10, 2002. On May 26, 2002, a three-member team returned from a two-week investigation of UNFPA activities in China, designed to provide information relevant to the determination whether UNFPA is in compliance with the Kemp-Kasten law barring support for any program involving coercion. The team is in the process of completing a report outlining their findings. Thus the Senate version would remove the flexibility provided to the President under P.L. 107-115, the FY 2002 Foreign Operations Appropriations Act, to weigh the report's findings in his consideration of

funding levels. As has been U.S. policy and law since 1985, no support should be provided to UNFPA if that organization's programs in China support coercion.

In addition, the bill requires that the Director of Homeland Security be confirmed by the Senate, and makes the provision of \$5 million in homeland security funding for the White House contingent upon that confirmation. The Administration recognizes Congress' need to receive information on homeland security, and the Administration continues to take all steps possible to ensure that this is the case while protecting the confidentiality of Presidential counsel. The President has said that the initial structure for organizing and overseeing homeland security may evolve over time and the National Strategy Review now underway may recommend an arrangement different from the current one. The Administration does not want to prejudge the outcome of the review process and strongly urges the Senate to drop this objectionable provision.

The Administration appreciates the Committee's support for the \$420 million in military assistance for Pakistan and Jordan. However, we urge the Senate to provide these funds to the Defense Department, as requested, to allow the Defense Department to compensate coalition partners for costs incurred directly related to support of U.S. military operations in the war on terror. The Administration does not believe the State Department should be held accountable for managing or disbursing funds directly related to military operations.

Assistance to Dislocated Workers

The Administration appreciates that the Committee provided \$400 million of the President's \$750 million request to help dislocated workers return to work. However, the Administration is concerned that the Committee provided insufficient funds for National Emergency Grants (NEGs); provided an unrequested \$80 million for State Dislocated Worker formula grants; and did not provide adequate funds for community economic adjustment and a targeted, high-growth job training demonstration. The Administration looks forward to working with the Senate to ensure that adequate assistance is available to displaced workers, through National Emergency Grants, and distressed communities to address higher unemployment levels resulting from the recession.

New York

The Administration appreciates the Senate support for the request for additional disaster relief efforts for New York in response to the September 11th terrorist attacks. However, we are concerned about language that expands FEMA's Mortgage and Rental Assistance program and proposes to redirect \$90 million from FEMA to the Centers for Disease Control. The Administration believes that the program expansion is unnecessary because FEMA has sufficient authority to address the needs of homeowners and renters and that the President's full \$2.75 billion request for FEMA is needed.

Funding for Global HIV/AIDS

The Administration appreciates the intent of the Senate in recognizing this very important issue. The United States is committed to providing a total of \$500 million to the Global Fund to fight AIDS, Tuberculosis and Malaria (Global Fund) and we look forward to continuing to work with the Congress on this issue.

The Administration is committed to working with the Congress to enact an emergency supplemental appropriations bill as expeditiously as possible. The Administration looks forward to working with the Senate to address its concerns.