

THE WHITE HOUSE  
WASHINGTON

June 28, 2006

Dear Mr. Speaker:

I ask the Congress to consider expeditiously the enclosed fully offset FY 2006 request for the Department of Veterans Affairs (VA) to address the security of personal information of veterans and service personnel.

I am requesting these additional resources for VA to cover the increased costs to the VA information technology account in FY 2006 as a result of providing credit monitoring and fraud watch services for veterans and service members impacted by a security breach that occurred on May 3, 2006. The total cost of this effort, estimated to be \$160.5 million in FY 2006, is fully offset.

The details of these proposals are set forth in the enclosed letter from the Director of the Office of Management and Budget.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Dennis Hastert", written over a light blue rectangular stamp area.

The Honorable J. Dennis Hastert  
Speaker of the  
House of Representatives  
Washington, D.C. 20515

Enclosure



THE DIRECTOR

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

June 28, 2006

The President  
The White House

Submitted for your consideration is a request for a FY 2006 fully offset proposal to provide additional funds for the Information Technology Systems account within the Department of Veterans Affairs (VA). This request supplements the \$1.214 billion already appropriated for FY 2006 information technology costs.

VA plans to provide one year of credit monitoring and fraud watch services to those veterans and service members whose personal identifiable information was exposed as a result of the theft of a personal laptop computer and external hard drive of a VA employee. The total cost of this effort is estimated to be \$160.5 million in FY 2006. In addition to the new funding requested in this transmittal, VA has identified \$29 million of excess FY 2006 funding in its General Operating Expenses that will be transferred to the Information Technology Systems account through existing transfer authority.

Your Administration is committed to ensuring the security of the personal information of the veterans and service personnel who may be affected by the security breach. The offsets identified would not impact current operations and were not expected to be obligated this year. The \$131.5 million in requested funding is fully offset by the proposals described below and in more detail in the enclosures:

- Reductions of unobligated balances to the Food Stamp Employment and Training Program (-\$20.0 million) and the Trade Adjustment Assistance for Farmers program (-\$40.0 million) in the Department of Agriculture that are in excess of current requirements.
- Cancellation of balances from the Health Professions Student Loans program (-\$6.7 million) in the Department of Health and Human Services.
- Cancellation of funds in the Responsible Reintegration of Youthful Offenders program (-\$49.1 million) in the Department of Labor.
- Reduction of unobligated balances in the Next Generation High Speed Rail program (-\$9.0 million) in the Department of Transportation.

- Cancellation of funds in the Bureau of Public Debt (-\$1.4 million) and the Internal Revenue Service (-\$5.3 million) in the Department of the Treasury.

Recommendation

I have carefully reviewed these proposals and am satisfied that they are necessary at this time. Therefore, I join the heads of the affected agencies in recommending that you transmit these proposals to the Congress.

Sincerely,

A handwritten signature in black ink that reads "Rob Portman". The signature is written in a cursive, flowing style with a prominent initial "R".

Rob Portman

Enclosures

DEPARTMENT OF VETERANS AFFAIRS

DEPARTMENTAL ADMINISTRATION

Information Technology Systems

For an additional amount for "Information Technology Systems," \$131,500,000, to remain available until September 30, 2007.

The total estimated cost of providing credit monitoring and fraud watch services to those veterans and service members whose personal identifiable information was exposed as a result of the theft of a personal laptop computer and external hard drive of a Veterans Affairs (VA) employee is \$160.5 million.

VA has identified \$29.0 million in current funds within the agency to partially cover the funds needed. This proposal would provide the remaining \$131.5 million needed, fully offset by funds available in the Departments of Agriculture, Health and Human Services, Labor, Transportation, and the Treasury. Details regarding the offsets proposed are described in the accompanying proposals.

DEPARTMENT OF AGRICULTURE

FOREIGN AGRICULTURAL SERVICE

Trade Adjustment Assistance for Farmers

Of the unobligated balances available under this heading of funds provided pursuant to section 298(a) of the Trade Act of 1974, as amended, \$40,000,000 are cancelled.

This proposal would cancel \$40 million in unobligated balances in the Trade Adjustment Assistance for Farmers program. These balances are in excess of current program requirements.

DEPARTMENT OF AGRICULTURE

FOOD AND NUTRITION SERVICE

Food Stamp Program

Of the unobligated balances available under this heading of funds provided pursuant to section 16(h)(1)(A) of the Food Stamp Act of 1977, \$20,000,000 are cancelled.

This proposal would cancel \$20 million in unobligated prior-year balances in the Food Stamp Employment and Training program. These balances are in excess of current program requirements.

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
HEALTH RESOURCES AND SERVICES ADMINISTRATION

Health Resources and Services Administration

Of the unobligated balances of the Health Professions Student Loan program, authorized in subpart II, Federally Supported Student Loan Funds, of title VII of the Public Health Service Act, \$6,700,000 are cancelled.

This proposal would cancel \$6.7 million in unobligated balances in the Health Resources and Services account. These funds represent collections of excess balances held by health professions training institutions.

DEPARTMENT OF LABOR

EMPLOYMENT AND TRAINING ADMINISTRATION

Training and Employment Services

Of the funds provided under this heading in Public Law 109-149, \$49,104,000 are cancelled.

This proposal would cancel \$49.1 million provided for the Responsible Reintegration of Youthful Offenders program in FY 2006, available for the period July 1, 2006, through June 30, 2007.

Responsible Reintegration of Youthful Offenders is a narrow-purpose demonstration project that provides employment and training services to ex-offenders under age 35. Although it has been funded since 1998, the program has not demonstrated employment outcomes. Services would be better provided through the more comprehensive Prisoner Re-entry Initiative, which would offer a range of job training, housing, and mentoring services and harness the experience of faith-based and community organizations.



DEPARTMENT OF TRANSPORTATION  
FEDERAL RAILROAD ADMINISTRATION

Next Generation High-Speed Rail

Of the unobligated balances available under this heading, \$9,000,000 are cancelled.

No funding was requested for this program in FY 2007. This proposal would cancel a portion of unobligated balances in this account and would not impact program operations.

DEPARTMENT OF THE TREASURY

BUREAU OF PUBLIC DEBT

Administering the Public Debt

Of the unobligated balances available under this heading, \$1,400,000 are cancelled.

Section 511 of P.L. 108-477 makes 50 percent of unobligated balances remaining available at the end of FY 2005 from this account available through September 30, 2006, of which \$1.4 million are proposed for cancellation and would not impact program operations.

DEPARTMENT OF THE TREASURY

INTERNAL REVENUE SERVICE

Processing, Assistance, and Management

Of the unobligated balances available under this heading, \$5,300,000 are cancelled.

Section 511 of P.L. 108-477 makes 50 percent of unobligated balances remaining available at the end of FY 2005 from this account available through September 30, 2006, of which \$5.3 million are proposed for cancellation and would not impact program operations.