



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

September 8, 2004
(House)

STATEMENT OF ADMINISTRATION POLICY

H.R. 5006 – Labor, Health and Human Services, and Education, and Related Agencies Appropriations Bill, FY 2005

(Sponsors: Young (R), Florida; Obey (D), Wisconsin)

The Administration supports House passage of the FY 2005 Labor, Health and Human Services, and Education, and Related Agencies Appropriations Bill.

The President supports a discretionary spending total of not more than \$819 billion, in addition to \$2.5 billion in advance appropriations for Project BioShield, consistent with his FY 2005 Budget. The President's Budget responsibly holds the growth in total discretionary spending to less than four percent and the growth in non-security spending to less than one percent, while providing the critical resources needed for our Nation's highest priorities: fighting the War on Terror, strengthening our homeland defenses, and sustaining the momentum of our economic recovery. Consistent with the need for responsible spending restraint, the Administration urges the Congress to fully fund unavoidable obligations and not to include any emergency funding, including contingent emergencies, unless mutually agreed upon in advance by both the Congress and the Administration.

The Administration appreciates that the House has supported many of the President's priorities; however the Administration has several concerns with the Committee bill and looks forward to working with the Congress as the process moves forward.

Jobs for the 21st Century

The Administration proposed a number of initiatives in agencies funded in this bill to help prepare workers for the 21st Century by strengthening postsecondary job training and improving high school preparation. The Administration appreciates that within the Department of Education, the Committee provided full funding for the President's Striving Readers initiative and Math and Science Partnerships. However, the bill provides no funding for Enhanced Pell Grants for State Scholars, which will provide up to \$1,000 in additional Pell grant aid to low-income students entering college who complete a rigorous high school curriculum or the funding needed to make the State Scholars program available across the Nation. Additionally, it provides only \$30 million, \$21 million below the request, for the Advanced Placement programs and fails to provide the \$40 million requested for Adjunct Teacher Corps to bring qualified professionals into secondary school classrooms to teach core subjects such as math and science. The Administration urges the House to redirect resources from the \$800 million provided for lower-priority education programs to fund these important Presidential initiatives. The Administration strongly urges the House to fully fund the \$250 million requested for the Department of Labor (DOL) to help community colleges partner with employers and the workforce investment system to train workers for growing industries.

Department of Labor

Prisoner Re-entry Initiative. The Administration is disappointed that the Committee did not fund the request for prisoner re-entry and related activities. Working through faith-based and community organizations, this initiative will reduce recidivism by helping tens of thousands of ex-offenders make a successful transition to community life and long-term employment.

Personal Reemployment Accounts. The Administration urges the House to fund the Administration's \$50 million request for a pilot program to help certain unemployed workers choose the services they need to return to work quickly.

Department of Education

The Administration is pleased that the Committee bill supports increased investments for many of the President's education priorities, such as NCLB, Striving Readers, IDEA, and Pell Grants while terminating a number of lower-priority programs that have failed to demonstrate results. However, the Committee continues to invest over \$800 million in low-priority education initiatives that should be redirected to more effective programs. We are disappointed that the current version of the bill does not include \$10 million for military families. Children of military families move frequently as part of their parent's service to the country. These funds will support grants to States for programs that help children of military families make the transition from one school to another.

School Drug Testing. The Administration appreciates the Committee's support of \$10 million for the School Drug Testing Initiative, but urges the House to fully support the President's request of \$25 million. Student drug testing programs both deter students from using drugs, and detect those who are using so that they may receive the appropriate assessment, referral, and intervention before their use becomes addiction.

Department of Health and Human Services

The Administration is pleased that the House bill fully supports increased investments for the President's Health Centers Initiative and important components of the President's Emergency Plan for AIDS Relief. The Administration appreciates the Committee's funding support for the Strategic National Stockpile. The Administration also appreciates the Committee's funding for the Ryan White AIDS Drug Assistance Program. The Committee is encouraged to adopt language that would provide the flexibility to enable these programs, respectively, to meet urgent homeland security needs and to get lifesaving HIV/AIDS medications to those most in need. However, the Administration is concerned that the bill does not provide the requested levels for other important initiatives, such as a Head Start pilot project to improve school readiness, the Steps to a Healthier-US initiative, and the National Health Service Corps. The Administration would urge the House to redirect resources from the \$800 million provided for lower-priority programs noted above to fund these other higher-priority Presidential initiatives. Additional concerns are noted below.

Marriage and Healthy Family Development. While the Administration appreciates that the Committee increased funding for Abstinence-only Education, it is disappointed that the

Committee provided \$77 million less than the requested levels for Community-Based abstinence education and \$23 million less for Adolescent Family Life grants and the education campaign.

Compassion Capital Fund. The Administration appreciates the \$7 million increase above the 2004 level to \$55 million provided by the Committee for the Administration's commitment to support America's families through faith-based and community organizations, but urges the House to fully fund this initiative at the President's request level of \$100 million.

Access to Recovery (ATR). The Administration is disappointed that the House provided only \$100 million of the \$200 million requested for the innovative Access to Recovery treatment voucher program in the Substance Abuse and Mental Health Services Administration (SAMHSA). This program will provide access to substance abuse treatment for approximately 100,000 individuals seeking but unable to obtain the appropriate services. Additionally, it offers individuals the opportunity to choose a provider, including faith-based and community organizations. SAMHSA recently awarded grants to 14 states out of 68 applications. Full funding is needed to expand access to more States and to more individuals in need of treatment.

Health Care Information Technology (IT). The Committee bill provides \$25 million in new funding for Health Care IT, half of the \$50 million requested. These funds are needed for State-level and regional health data exchange demonstration programs, key to advancing the President's goal to give most Americans Electronic Health Records (EHRs) within 10 years. The Congress is urged to fully fund this initiative.

Pandemic Influenza. While the Administration appreciates the Committee's support for the Department of Health and Human Services' (HHS') efforts to improve our preparedness for an influenza pandemic, the Administration is concerned that the bill reduced the Administration's request of \$100 million by \$40 million. While the Administration has been working aggressively to develop and implement a program to reduce the risk to the Nation that global influenza pandemic could pose, a significant risk to the country remains, and the Congress is urged to fully fund this request.

Biosurveillance Initiative. The Administration is pleased that the bill includes \$100 million to support the Centers for Disease Control and Prevention's (CDC) contribution to the President's Biosurveillance Initiative. The Congress is urged to fully fund the Administration's proposal of \$130 million. Early detection and characterization capability is vital to effectively target a response and limit the impact of a bioterrorist attack or other public health emergency.

HIV Vaccine Research and Development Center/Stem Cell Research. The Administration appreciates the House's support of the National Institutes of Health (NIH) at the requested level, including the request to establish an HIV Vaccine Research and Development Center. The Administration urges the House to further support the exploration of stem cell research by reallocating funding within NIH to establish translational stem cell research centers as recently proposed.

Inpatient Rehabilitation Facilities 75% Rule. The Administration is concerned that the bill would delay implementation of the 75% rule for Medicare payment to inpatient rehabilitation facilities. Delaying this rule would result in payments to hospitals that are inappropriate and not based on current clinical practices. This reform is estimated to save \$10

million in 2005 and \$1.8 billion over 2005-2014.

Social Security Administration (SSA)

The Committee did not provide \$100 million for the Medicare Reform Contingency Fund, which was a separate request from SSA's base administrative expenses. Without this contingency fund, SSA and the Centers for Medicare and Medicaid Services may have difficulty meeting their start-up responsibilities under the Medicare Modernization Act, which include enrolling beneficiaries in the permanent drug benefit that begins January 2006. Further, the Committee reduced the Administration's request for the SSA's limitation on administrative expenses by \$83 million, which would mean over 100,000 fewer disability claims will be processed.

Constitutional Concerns

The Administration objects to a number of provisions in the bill that would purport to require Committee approval before Executive Branch execution. These provisions should be changed to require only notification of Congress, since any other interpretation would contradict the Supreme Court ruling in *INS v. Chadha*.

Potential Amendments

The Administration would strongly oppose the adoption of any amendment that would restrict the Department of Labor's ability to enforce vigorously the laws and regulations within its jurisdiction. In particular, the President's senior advisors would recommend that he veto the final version of the bill if it contained any provision prohibiting or altering the Labor Department's enforcement of the final overtime security rule. This rule provides a new guarantee of overtime protection for 6.7 million workers making less than \$23,660, strengthens overtime protections for many workers making more than \$23,660 because of updates to the duties tests, and, for the first time ever, provides explicit protection to numerous workers, including licensed practical nurses, police officers, firefighters, paramedics, and emergency medical technicians. A funding limitation would be devastating to workers because it would prevent the Department from fully enforcing the overtime laws on behalf of workers.

The Administration understands there may be an attempt to strike the conscience clause protections that prevent any level of government from discriminating against a health care provider merely because the provider declines to "provide, pay for, provide coverage of, or refer for abortions." The Administration would strongly oppose such an amendment.

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