



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

February 8, 2007
(Senate)

STATEMENT OF ADMINISTRATION POLICY

H.J. Res. 20 – Making Continuing Appropriations for the fiscal year 2007

(Sponsor: Obey (D) Wisconsin)

The Administration supports the timely completion of the FY 2007 appropriations process in order to provide the resources needed to maintain essential government functions and address the Nation's highest priorities. The President proposed an FY 2007 Budget that funds these priorities and holds discretionary spending to \$873 billion. The Administration is pleased that H.J. Res. 20, the full-year continuing resolution for FY 2007, appears to hold to this discretionary topline while avoiding further reductions to programs funded by the FY 2007 Defense Appropriations Act.

The President has called for earmark reform and the Administration has previously commended the Appropriations Committee Chairs for committing to no earmarks in H.J. Res. 20. The Administration continues to analyze the bill to determine whether earmarks are included. The Administration looks forward to working with Congress on continued earmark reduction and reform in the coming months, and will work with heads of executive departments and agencies to ensure that earmarks in Appropriations Committee reports for FY 2006 are treated in a manner consistent with section 112.

The Administration is disappointed, however, with the structure of H.J. Res. 20 and the process used to create it. H.J. Res. 20 uses a formulaic approach for much of the FY 2007 funding and fails to take into account funding for new priorities and opportunities for savings. As a result, certain high priority areas are not adequately addressed, and the House has missed the opportunity to achieve significant savings for the taxpayer. The President's Budget included nearly \$15 billion in savings by proposing 141 program terminations and reductions of lower priority programs, and the House's approach ignores the savings from these proposals. For example, this resolution allows continued funding of subsidies for oil and gas research and development opposed by the Administration, but fails to fully fund the President's Global Nuclear Energy Partnership, an important non-proliferation initiative. Likewise, H.J. Res. 20 continues Advanced Technology Program grants at the expense of much higher impact research and development under the American Competitiveness Initiative.

Since H.J. Res. 20 will be considered on the Senate Floor without the benefit of a Committee markup, the Administration believes it is important that amendments be considered to address concerns about the bill and to take advantage of opportunities to save taxpayer money by eliminating wasteful spending.

The Administration would like to take this opportunity to share additional views and concerns about a number of provisions in the House-passed version of the bill.

Base Realignment and Closure

The President's FY 2007 Budget requested \$5.6 billion to implement the recommendations of the 2005 Base Realignment and Closure (BRAC) Commission. The Administration strongly opposes the House's reduction of \$3.1 billion from the President's request, which will significantly delay BRAC implementation, increase the risk that DOD would not meet its statutory deadline to implement BRAC by FY 2011, reduce BRAC savings, delay or postpone scheduled redeployments of military personnel and their families from overseas stations to the United States, and negatively impact many communities throughout the country that have begun making specific plans in response to BRAC. These funds should be provided within the \$873 billion topline, not through supplemental appropriations as some have suggested.

Advanced Energy Initiative

The President's Budget requested \$2.1 billion for the Advanced Energy Initiative to help achieve technological breakthroughs in clean energy resources for our transportation and power generation sectors. Investment in advanced technologies such as wind, solar, clean coal, nuclear, cellulosic ethanol, advanced batteries, and hydrogen can help to reduce emissions of pollutants and greenhouse gases, reduce dependence on oil, and strengthen energy security. Ensuring that sufficient funds are provided for the Global Nuclear Energy Partnership remains a concern of the Administration.

Veterans Affairs

The Administration supports full funding of the President's request for the Department of Veterans Affairs (VA) medical care and benefits delivery programs. This will ensure that VA can continue to provide high-quality and timely medical care and benefits to our Nation's veterans.

Social Security Administration

The President's Budget requested \$9.5 billion for the Social Security Administration's (SSA's) administrative expenses. The Administration encourages the Senate to meet that full request. At the lower level provided by the House, SSA will be able to operate through the current year without furloughs or reductions-in-force, but will need to defer some important work that had been planned under the President's FY 2007 request. The Administration looks forward to working with Congress in the future to address SSA's funding needs, including program integrity efforts that can save billions of taxpayer dollars.

American Competitiveness Initiative

The President's Budget proposed to double funding for basic scientific research at the National Institute of Standards and Technology labs, the Department of Energy's Office of Science, and the National Science Foundation, as well as increase math and science education assistance at the Department of Education. Only half of the requested research increase is provided. The Administration strongly urges the Senate to restore the \$450 million reduction to the President's request for these basic research programs in order to rapidly improve the Nation's economic

security through research in areas such as high-end computing and nanotechnology.

National Aeronautics and Space Administration

In reducing NASA's overall budget by \$528 million from the President's 2007 request, the House also specified funding levels for NASA programs within NASA's appropriation accounts, reducing funds for exploration by \$577 million below the President's request, while funding other programs in the same account at levels substantially above the request. This unbalanced allocation could jeopardize NASA's ability to develop new exploration capabilities in a timely manner. The Administration strongly urges the Senate to provide NASA with the flexibility it needs to achieve the goals and timeline of the Vision for Space Exploration, while maintaining balanced programs in space science, Earth science, and aeronautics.

Global HIV/AIDS

The Administration appreciates the House's decision to provide the funding requested by the President for Global HIV/AIDS. This funding is critical to providing life saving drugs to thousands of people infected with HIV/AIDS and is crucial to meeting the President's HIV/AIDS goals to treat 2 million people, prevent 7 million new infections, and care for 10 million people by 2009.

Millennium Challenge Corporation

The Administration encourages Congress to provide the requested funding for the Millennium Challenge Corporation (MCC). By reducing the funding below the President's request, the MCC will be significantly constrained in its ability to negotiate transformational compacts with the current eligible countries and any newly selected countries.

Economic Support Fund

The President's Budget requested \$3.2 billion for the Economic Support Fund. The House provides less than \$2.5 billion, a reduction of \$746 million from the request and \$148 million below the FY 2006 enacted level. A reduction of this magnitude below the FY 2006 enacted level will affect the Administration's ability to carry out critical foreign policy priorities, including crucial democracy, infrastructure sustainment, and economic development programs in Iraq.

Department of Justice

The Administration appreciates the funding provided by the House for the FBI and other Department of Justice components for Federal efforts to investigate, prosecute, and incarcerate criminals. However, the Administration believes that funding more than 70 individual grant assistance programs at the level proposed by H.J. Res. 20 is excessive and not effective and urges Congress to consolidate and target available State and local law enforcement resources to address emerging crime concerns.

Additionally, the Administration is disappointed that Congress does not permanently rescind excess balances from the Crime Victims Fund. The use of an obligation delay allows these

balances to “roll over” and become available year after year, as a never-ending budget offset. This tactic undermines the budget process because the same offset is counted each year.

General Services Administration

The Administration strongly objects to the prohibition on the development of the St. Elizabeths campus as a headquarters for the Department of Homeland Security. The new headquarters will be the backbone of our Nation’s homeland security efforts and offers numerous and substantial advantages over the Department’s current, multiple, scattered locations. The prohibition on funding for this important project is a disappointing step backwards in our Nation’s homeland security efforts. In addition, the Administration objects to the large set-aside for courthouse construction, which constrains GSA’s ability to determine construction projects on an objective basis.

Section 8 Housing Funds

The Administration supports the funding in H.J. Res. 20 for Section 8 tenant-based rental assistance, which is at the level requested in the President’s Budget for Fiscal Year 2007. The Administration has proposed to provide housing for more than 100,000 additional low income families by lifting the overall voucher cap and updating the allocation formula in order to reward public housing agencies (PHAs) for providing more vouchers to eligible households. The Administration appreciates that H.J. Res. 20 largely adopts the President’s proposal but is concerned that it does so without affording PHAs the opportunity to first use unspent funds to house more low income families and without providing an explicit exception for PHAs in the Gulf States that, pursuant to law, are using Section 8 voucher funds to repair facilities damaged by Hurricanes Katrina and Rita. The Administration looks forward to working with the Congress to address these issues.

Amtrak

The Administration appreciates the funding provided for Amtrak. However, the Administration believes that providing funding at the FY 2006 enacted level of nearly \$1.3 billion for Amtrak is excessive. Providing this excessive level of subsidy for Amtrak, a private corporation, undermines any incentive for the railroad to exercise fiscal discipline. Providing the Administration’s request of \$900 million would make resources available for higher priorities and would force Amtrak to make difficult but necessary business decisions.

Teacher Incentive Fund

The President's Budget requested \$99 million for the Department of Education’s Teacher Incentive Fund (TIF) program, which helps school districts and States develop and implement performance-based compensation systems to reward teachers and principals for raising student achievement and for serving in high-need schools. The House provides only \$200,000 for this important program, a significant reduction that could jeopardize the important work that has been started by TIF grant recipients. The Administration urges the Senate to provide the full request for this priority program within the funds provided to the Department of Education.

Mixed Oxide Fabrication Facility

The Administration opposes any language in the bill that prohibits, conditions, or in any way restricts the use of funds in this Act or any other Act for the construction of a Mixed Oxide fabrication facility at the Savannah River site in South Carolina.

Labor Rules

The Administration strongly opposes the inclusion of a legislative rider to prevent the Department of Labor from finalizing its rules to improve the Workforce Investment Act and Trade Adjustment Assistance (TAA) programs. The proposed changes would reduce bureaucracy, give workers more flexible training options, and better integrate the TAA program with the One-Stop Career Center network—helping American workers remain competitive in the global economy.

Constitutional Concerns

Several provisions of the bill purport to require executive branch officials to obtain approval of congressional committees prior to the execution of the laws. These include section 20622, 21058, and 21062 in division B of the Consolidated Appropriations Resolution, 2007 as it would be enacted by section 2 of the joint resolution. Since these provisions would contradict the Supreme Court's ruling in *INS v. Chadha*, they should be changed to require only notification of Congress.

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