



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

July 8, 2003
(House)

STATEMENT OF ADMINISTRATION POLICY

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

H.R. 2660– Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Bill, FY 2004

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

The Administration supports House passage of the FY 2004 Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Bill, as reported by the House Committee. The Administration is pleased that the Committee bill supports increased investments for many of the President's education priorities and fully funds the request for the National Institutes of Health while terminating a number of lower-priority programs which have failed to demonstrate results. The bill, however, continues to fund many other lower-priority programs, which are duplicative or have a track record of little or no success. The House is urged to reassess priorities and redirect this spending, as the President has done.

The Administration applauds the Committee for reporting this important bill in a timely manner and looks forward to working with the Congress to ensure that the FY 2004 appropriations bills ultimately fit within the top line funding level agreed to by both the Administration and the Congress. The President supports a discretionary spending total of \$784.7 billion, along with advance appropriations of \$23.2 billion for FY 2005 – in accordance with his Budget and the FY 2004 Congressional Budget Resolution. Only within such a fiscal environment can we encourage continued economic growth and a return to a balanced budget. The Administration looks forward to working with the Congress to ensure that its priorities are met within that overall total.

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

Select Initiatives

Pell Grant Program. The bill provides \$12.25 billion for Pell Grants, \$465 million less than the President's request for this high priority program. Under the Department of Education's most recent estimates of Pell Grant costs, the House level may be insufficient to cover costs in 2004. The Administration strongly urges Congress to fund the Pell Grant program at the President's request. The Administration also urges Congress to restore the Secretary's traditional authority to adjust program priorities when funding is insufficient.

Low Income Home Energy Assistance Program (LIHEAP). The Administration is disappointed that the Committee funded LIHEAP at \$1.8 billion, \$200 million less than the request. This could limit the ability to address the heating and cooling needs of low-income families. The Administration urges the Congress to ensure that programs such as LIHEAP, with essentially unavoidable obligations, are adequately funded.

Education Initiatives. The Administration appreciates the House's support of the Mentoring of Middle School Students program but urges the House to provide the full request for this initiative to target at-risk youth in middle school and assist them in the successful transition from elementary to secondary school. The Administration also urges the House to provide the full request for Teaching of Traditional American History, a component of the President's initiative to enhance civic education.

Drug Treatment Initiative. The Administration appreciates that the Committee recognizes the importance of this initiative, however, we are disappointed that the Committee provided only \$100 million of the \$200 million requested for the President's Access to Recovery treatment voucher program in the Substance Abuse and Mental Health Services Administration. This program would expand substance abuse treatment capacity by providing approximately 100,000 individuals who need and want treatment with additional options for services, including through faith-based and community organizations. The Administration is working aggressively with state and local partners to resolve implementation issues and is confident States are prepared to successfully implement this program at the full \$200 million level. The Administration urges the House to fully fund this initiative.

HIV/AIDS Initiative. The Committee bill also underfunds, by \$50 million, an important component of the President's Emergency Plan on HIV/AIDS – programs in the Centers for Disease Control and Prevention (CDC) to prevent the transmission of HIV/AIDS from mothers to infants – leaving many mothers and infants in Africa and the Caribbean without preventive care and treatment. In order to reach one million women annually and reduce transmission between mother and child by 40 percent, the Administration urges the full funding of the President's request.

Compassionate Care programs. The Administration appreciates that the Committee increased funding for two Administration initiatives, Mentoring Children of Prisoners and the Compassion Capital Fund, but is very disappointed that the overall funding is still at half the level requested in the President's Budget. In addition, the Committee failed to provide any funds for the Administration's initiatives related to fatherhood and maternity group homes.

Corporation for National and Community Service (CNCS). While the Administration appreciates the Committee's support for national service, the Administration is concerned that the Committee reduced the request for Special Volunteers for Homeland Security to \$5 million (a 75-percent reduction) and failed to finance the \$5 million request for Parent Drug Corps. The Committee's action would deny thousands of Americans the opportunity to participate in national service. The Administration urges the House to fully fund the request for CNCS.

Other Issues

Other programs in the Department of Health and Human Services (HHS). The Administration is disappointed that the Committee did not fully fund the President's requests for proven, effective, and high priority health programs, including Abstinence Education, the National Health Service Corps, Steps to a Healthier US at CDC, and HHS' efforts to ensure the nation has an adequate supply of vaccine in the event of an influenza pandemic.

Medicare. The Administration is pleased that the Committee included \$129 million for Medicare appeals. We encourage the Congress to also include the Administration's proposal to give the Secretary flexibility to enhance and streamline the Medicare appeals process.

The Administration is pleased that the Committee included a provision to assess a \$2.50 fee to providers who submit duplicate or unprocessable Medicare claims. The bill, however, omits a second proposal to charge a fee to providers filing appeals with qualified independent contractors (QICs). Further, the Administration's proposal would offset \$195 million in estimated collections rather than \$98 million as in the House bill. The Administration believes that including these latter proposals would improve the efficiency of both the appeals process and operations of the Centers for Medicare and Medicaid Services.

Social Security Administration. The Committee reduced the Administration's request for the Social Security Administration (SSA) by \$168 million. Without these resources, SSA may not be able to reverse the steady increase in the backlog of disability claims or sustain program integrity efforts. In addition, the bill does not provide language to protect program integrity funding.

Potential Amendments

Faith-Based Organizations - The Administration understands that an amendment may be offered on the House floor that would prohibit faith-based organizations receiving Federal funds from taking into account faith when they make their employment decisions. Regardless of whether government funds are involved, faith-based groups should retain their civil rights, including their right under Title VII of the 1964 Civil Rights Act, to take faith into account when making employment decisions. The Administration would strongly oppose any provision restricting this right, as it would effectively inhibit faith-based organizations – those organizations that provide housing for the homeless, treatment programs for the addicted, and job training for those on welfare – from achieving their mission. The full involvement of the faith community is essential to mobilize America's "armies of compassion" and the House is urged to defeat any such amendment. The President's senior advisors would recommend that he veto the bill if it included such a provision.

Labor Department – Labor Management Regulations and Overtime Protection - The Administration understands that an amendment may be offered that would prohibit the Labor Department from moving forward on regulations that would revise reporting and disclosure requirements under the Labor-Management Reporting and Disclosure Act (LMRDA). These requirements have not

been updated since LMRDA was passed in 1959. In requiring timely and more detailed financial information from labor organizations, this revised regulation would provide both union members and the Labor Department with the information they need to properly ensure union democracy, fiscal integrity and transparency in a manner consistent with the intent of Congress in enacting the LMRDA. The Administration also understands that an amendment may be offered that would prohibit the Labor Department from implementing and enforcing the proposed rulemaking regarding changes to outdated overtime laws. The revised rule would provide overtime to 1.3 million additional low wage workers by simplifying complex eligibility tests and raising salary thresholds that have not been changed in almost 30 years. If either one of these provisions were included in the final version of the bill, the President's senior advisors would recommend that he veto the bill.

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