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OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 8, 2004
(Senate)

STATEMENT OF ADMINISTRATION POLICY

S. 2537 – Department of Homeland Security Appropriations Bill, FY 2005

(Sponsors: Stevens (R), Alaska; Byrd (D), West Virginia)

The Administration supports Senate passage of the FY 2005 Department of Homeland Security Appropriations Bill, as reported by the Senate Committee.

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 is pleased that the level of funding in the Committee-reported bill is consistent with the \$819 billion discretionary total and that the Committee has produced a bill that funds many of the Department's highest priorities. We believe that on the whole the bill provides for a robust level of funding for homeland security. In particular, the Administration applauds the Committee's support of critical homeland security programs like the US VISIT program, the Container Security Initiative (CSI), the Customs-Trade Partnership Against Terrorism (C-TPAT), funding for improved radiation detection technology and the biosurveillance initiative, as well as other priorities such as reducing the immigration backlog.

In addition, the Administration is pleased that the Committee chose to fund the full request for the Disaster Relief Fund, and urges the Congress to maintain the full level of funding in the final version of the bill. On September 6, 2004, the President submitted an emergency supplemental request to the Congress of \$2.0 billion for FEMA's disaster relief account to respond to urgent needs related to Hurricanes Charley and Frances in Florida and other affected areas. The Administration appreciates the Congress' prompt action on this request and anticipates submitting a further request in the near future to provide for a comprehensive response to Hurricanes Charley and Frances. These supplementals, however, do not in any way diminish the need to provide the full regular 2005 request to respond to the historic level of disaster needs.

While we have several concerns with the bill, we appreciate the speed with which the Senate has started to address the budgetary needs of the Department, and look forward to

working with the Congress to expedite passage of the legislation while addressing the following concerns.

State and Local Programs

The Committee provides \$3.8 billion for State and local programs, including firefighter assistance, which is nearly \$0.2 billion above the request. Although the Committee's support for the first responder community is appreciated, the Administration believes that the programs funded through DHS should be better targeted toward terrorism preparedness. While an improvement over the House level, the bill does not provide the request to double funding for the risk-based Urban Area Security Initiative (UASI) program, but instead provides funding above the requested level for the basic State and local formula grant program. We urge the Congress to focus these grant funds on the areas of highest threat by fully funding the President's request for UASI, and we look forward to working with the Congress to restore funds to the requested level.

The Administration is also concerned that both the Emergency Management Performance Grants program and the Firefighter Assistance Grants program fail to focus on homeland security preparedness, and critical reforms proposed in the budget were not accepted. In order to meet the President's goal of increasing Federal resources devoted to protecting the homeland and using those funds most effectively, we encourage the Senate to adopt language that would eliminate arbitrary funding formulas and maximum grant awards, and allow greater targeting based on threats and vulnerabilities.

The bill also proposes to cut the Citizen Corps program by \$20 million below the FY 2004 level and \$30 million below the FY 2005 request. The Administration urges the Senate to provide the full \$50 million request for this important locally based terrorism preparedness priority.

Potential Amendments – Weakening Cuba Travel Sanctions

The Administration understands that an amendment may be offered on the Senate Floor that would weaken current sanctions against Cuba. The Administration believes that it is essential to maintain sanctions and travel restrictions to deny economic resources to the brutal Castro regime. The licensing process helps to ensure that humanitarian and cultural travel facilitates genuine exchanges between U.S. travelers and ordinary Cuban citizens and that any sales to Cuba are done within the boundary of the law. Lifting the sanctions now, or limiting our ability to enforce them, would provide a helping hand to a desperate and repressive regime at the expense of the Cuban people. If the final version of the bill contained such a provision, the President would veto the bill.

Competitive Sourcing

The Administration has adopted a reasoned and responsible approach for ensuring the fair and effective application of public-private competition. On a government-wide basis, competitions completed in FY 2003 are estimated to generate savings, or cost avoidances, of more than \$1 billion over the next three to five years. The House version of the bill contains a provision that would block DHS from using competition to choose the best public or private

sector source to handle basic administrative tasks associated with the processing of immigration applications and benefits. We understand an amendment may be offered on the Senate Floor that would also preclude public-private competition and turn back DHS' efforts to significantly improve customer service for immigrants. If the final version of the bill were to contain such a prohibition, the President's senior advisors would recommend that he veto the bill.

Transportation Security Administration (TSA)

The bill does not include language proposed by the Administration that the Congressional Budget Office would score as providing the full \$750 million in air carrier security fees authorized by law and determined by TSA to accurately reflect air carriers' calendar year 2000 security costs. We urge the Senate to include this language as a partial offset to TSA aviation security spending, as proposed in the budget.

The Administration is concerned that neither the House nor the Senate Committee have included proposed language regarding existing airport Letters of Intent (LOI) that would enable the Secretary to sustain current LOI commitments as they apply to the installation of explosives detection equipment. The Administration urges the Senate to include this language in the bill.

DHS Management

The Administration is concerned about the amendment adopted by the Committee that reduces funding in the Departmental Operations accounts by \$30 million. In addition, the Administration is concerned that the Committee does not provide requested resources for operational integration staffing. The Administration urges the Senate to restore this funding to ensure the Secretary can properly manage DHS.

Coast Guard

The Administration opposes the inclusion of \$15 million in unrequested funding for alteration or removal of obstructive bridges. Alteration of obstructive highway bridges is eligible for funding from the Federal-Aid Highways program. Funds provided for these purposes in this bill could be more effectively dedicated to homeland security activities.

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*.
