



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

May 19, 2006
(House)

STATEMENT OF ADMINISTRATION POLICY
H.R. 5385 -- Military Construction, Military Quality of Life and Veterans Affairs
Appropriations Bill, FY 2007

(Sponsors: Lewis (R), California; Obey (D), Wisconsin)

The Administration supports House passage of the FY 2007 Military Construction, Military Quality of Life and Veterans Affairs Appropriations Bill, as reported by the House Committee.

The Administration commends the Committee for reporting the bill in a timely manner and appreciates the Committee's support of military members and their families and our Nation's veterans. The Administration urges Congress to consider the President's proposals to increase co-payments and enrollment fees for higher-income non-disabled veterans using the Department of Veterans Affairs (VA) system and for military retirees under age 65 using TRICARE. Support for these proposals will ensure that resources are focused on core missions and that high-quality health care is sustainable in the future.

The President's FY 2007 Budget holds total discretionary spending to \$872.8 billion and reduces non-security discretionary spending below last year's level. The Budget funds priorities and meets these limits by proposing to reform, reduce, or terminate 141 lower-priority programs. The Administration looks forward to working with the House to ensure that priority needs are funded while maintaining fiscal discipline in order to protect the American taxpayer.

Although the bill is largely supportive of the President's request, the Administration would like to take this opportunity to share additional views regarding the Committee's version of the bill.

Base Realignment and Closure

The Administration opposes the \$290 million funding reduction to implement recommendations of the 2005 Base Realignment and Closure (BRAC) Commission. This reduction would slow BRAC implementation, and thus delay achievement of the mission improvements provided by BRAC changes, costing the Department of Defense (DOD) more money over the long-term. Delaying the completion of base closures and realignments would also hinder community efforts to quickly reuse DOD facilities and to mitigate the economic impact of BRAC actions.

Military Construction

The Administration is pleased that the Committee bill supports the President's military construction request and provides the resources and infrastructure for the Nation's fighting forces at home and abroad. However, the Administration opposes the use of war reserve funds for military construction projects. This funding should be used only for urgent construction directly

related to the Global War on Terror, instead of funding regular construction projects related to long-term defense needs. In addition, the Administration urges Congress to remove funding for 66 unrequested projects, totaling nearly \$0.5 billion, which divert funding from other higher-priority programs. Further, the Administration opposes the rescission of prior-year Defense-wide construction funds. These funds are needed to address shortfalls in the planning and design of medical facilities.

The Administration also notes that the Committee added unrequested incrementally-funded construction projects. Although in the past the Office of Management and Budget selectively granted exceptions to the full funding requirement for military construction projects, the number of incrementally-funded projects has increased dramatically. The Administration believes that DOD, as a rule, needs to fully budget for capital projects in the year of the request, and will work with Congress to minimize any exceptions to the full-funding rule.

VA Major Construction

The Administration opposes the \$115 million funding reduction for the continuation of the Capital Assets Realignment for Enhanced Services (CARES) program. This reduction would slow CARES projects designed to renovate and modernize VA's health care infrastructure and provide greater access to high-quality care for more veterans, closer to where they live.

Transfer Authority

In order to preserve the flexibility needed by DOD to meet changing requirements during the fiscal year, the House is urged to include transfer authority to permit the transfer of funds between Basic Allowance for Housing accounts, Facilities Sustainment, Restoration and Modernization accounts, the Defense Health Program account, and accounts appropriated in the Department of Defense Appropriations bill. Such authority is needed to ensure that there is no interruption in military pay and support to the men and women of our armed forces. In addition, the Administration urges the House to include authority to permit transfers between the military personnel and operation and maintenance accounts in this bill and the Foreign Currency Fluctuations account in the Department of Defense Appropriations bill. This language would continue existing authority to offset losses due to currency fluctuations.

Constitutional Concerns

Section 113 of the bill calls for prior notice to congressional committees of proposed military exercises of the United States personnel involving \$100,000 or more in construction costs. Noting that the Supreme Court has stated that the President's authority to classify and control access to information bearing on national security flows from the Constitution and does not depend upon a legislative grant of authority, and recognizing that notice can be provided in most situations as a matter of comity, situations may arise, especially in wartime, in which the President must act promptly under his constitutional authority while protecting sensitive national security information. Accordingly, these provisions should be amended to call for giving prior notice unless, in the exercise of constitutional authority, the President directs otherwise.

Section 118 of the bill that purports to direct or burden the conduct of foreign relations, and of negotiations and communications with foreign countries or international organizations, should be amended to delete such direction or burden, to make the provisions consistent with the constitutional authority of the President to conduct the Nation's foreign relations, and to supervise the unitary Executive Branch.

Several provisions of the bill purport to require approval of the Committees prior to the obligation of funds. These include sections 128, 201, 210, 215, and 221; and amounts under the account headings for the Department of Veterans Affairs, "Information Technology Systems" and "Construction, Major Projects." These provisions should be changed to require only notification of Congress, since any other interpretation would contradict the Supreme Court's ruling in *INS v. Chadha*.

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