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

November 14, 2006
(Senate)

STATEMENT OF ADMINISTRATION POLICY
H.R. 5385 – Military Construction and Veterans Affairs Appropriations Bill, FY 2007
(Sponsors: Cochran (R), Mississippi; Byrd (D), West Virginia)

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

The Administration 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. Support for this proposal would ensure that resources are focused on VA's core mission of providing high-quality health care to veterans with service-related disabilities, low incomes, and special health care needs, and to ensure that high-quality health care is sustainable in the future.

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 nearly \$400 million reduction to programs necessary 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 supports the President's military construction request and provides the resources and infrastructure, including funding for energy conservation, for the Nation's fighting forces at home and abroad. However, the Administration opposes the diversion of nearly \$600 million in funding from higher priority programs for 62 unrequested projects. In addition, the Administration opposes the rescission of prior-year Defense-wide construction funds. These funds are needed to address shortfalls in medical facilities projects.

The Administration opposes the two incrementally-funded construction projects that the Committee added to the President's request. In general, the Administration believes that capital

projects should be fully funded in the year of the request to avoid poor planning, acquisitions that are not fully justified, higher acquisition costs, future project delays, cancellations of partly finished projects, loss of investments, and inadequate funding to maintain and operate assets.

Department of Veterans Affairs

The Administration appreciates the Committee's recommendation to merge the Medical Services and Administration appropriations. Combining these appropriations into a single account would increase management flexibility to direct resources to best meet the overall health care needs of veterans.

The Administration strongly opposes the Senate language prohibiting VA's continued implementation of the E-Gov initiatives. The E-Gov Initiatives play an important role in fulfilling VA's commitment to serve veterans and support a Federal Government that is more efficient, productive and responsive to its citizens. By forming shared systems for non-mission critical services, all agencies would improve service delivery and lower overall costs through economies of scale and reduced duplication. Prohibiting VA's continued implementation of these initiatives would divert funding away from our Nation's veterans to generic administrative overhead services. The Administration will continue to ensure that Congress has information on how E-Gov Initiatives directly benefit the Department, veterans and taxpayers alike.

Constitutional Concerns

Section 113 of the bill calls for prior notice to congressional committees of proposed military exercises involving United States personnel that result in \$750,000 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, this provision 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 purports to direct or burden the conduct of foreign relations, and of negotiations and communications with foreign countries or international organizations. The provision should be amended to delete such direction or burden, to make the provision 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 125, 201, 202, 211, 221, 222, and 223; and under the headings "Construction, Major Projects," and "Information Technology Systems." 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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