



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

June 13, 2007
(House)

STATEMENT OF ADMINISTRATION POLICY

H.R. 2642 – Military Construction, the Department of Veterans Affairs, and Related Agencies Appropriations Act, 2008

(Sponsor: Rep. Obey (D), Wisconsin)

As reflected in the Administration's Budget request, the President supports all of the necessary resources to meet the needs of our veterans and to address military construction requirements. However, the Administration is concerned that H.R. 2642 contains an excessive level of spending and other objectionable provisions.

The President has proposed a responsible plan for a balanced budget by 2012 through spending restraint and without raising taxes. To achieve this important goal, the Administration supports a responsible discretionary spending total of not more than \$933 billion in FY 2008, which is a \$60 billion increase over the FY 2007 enacted level. The Democratic Budget Resolution and subsequent spending allocations adopted by the House Appropriations Committee exceed the President's discretionary spending topline by \$22 billion, causing a 9 percent increase in FY 2008 discretionary spending and a nearly 10 percent increase in the projected deficit for FY 2008. In addition, the Administration opposes the House Appropriations Committee's plan to shift \$3.5 billion from the Defense appropriations bill to non-defense spending, which is inconsistent with the Democrats' Budget Resolution and risks diminishing America's war fighting capacity. In combination with other spending bills, H.R. 2642 would lead to spending and tax increases that put economic growth and a balanced budget at risk.

The President's FY 2008 Budget makes funding for the Military Construction and Veterans Affairs (VA) appropriations bill a high priority within the \$933 billion topline, providing an 8 percent increase for VA alone and a 22 percent increase for the bill as a whole. The Administration believes that between the robust increase in spending for the VA proposed in the President's Budget and the \$1.8 billion increase for the VA provided in the FY 2007 supplemental, ample resources are available to ensure veterans receive the quality care they deserve. If Congress determines that additional resources above the President's request and enacted supplemental funding are necessary, Congress must provide reductions in other appropriations bills to offset this increase and meet the President's topline of \$933 billion. If Congress increases VA funding above the President's request and does not offset this increase with spending reductions in other bills, the President will veto any of the other bills that exceed his request until Congress demonstrates a path to reach the President's topline of \$933 billion. But funding for our troops, past and present, should not be held hostage to Congress' attempts to provide irresponsible increases in domestic spending.

The President has called on Congress to reform the earmarking process that has led to wasteful and unnecessary spending. Specifically, he called on Congress to provide greater transparency and full disclosure of earmarks, to put them in the language of the bill itself, and to cut the cost

and number by at least half. Earlier this year, the House adopted rules designed to bring greater transparency to the earmarking process, including disclosure of sponsors, costs, recipients, and justifications. Unfortunately, these rules are being circumvented by a plan to add earmarks to bills at the last stage of the appropriations process when the Conference Committee finalizes the bills. This plan shields earmarks from public scrutiny, undermines the transparency reforms the House adopted earlier this year, and inhibits the ability of American taxpayers to hold their elected representatives accountable.

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

Department of Veterans Affairs

The Administration appreciates the Committee's continued support of the Nation's veterans, but strongly believes that the President's FY 2008 Budget for the Department of Veterans Affairs (VA) and the recently enacted FY 2007 supplemental funding provide ample resources to ensure that veterans, including those returning from current combat operations, receive the quality care and services that they deserve. The President's request for veterans is over 8 percent above last year's level and more than 76 percent above the level when he took office.

The President's FY 2008 Budget meets the growing health care needs of the Nation's veterans, expands VA's ability to provide mental health care and prosthetics, supports continued restructuring of the medical care system to ensure that services are available where veterans live, funds the construction of six new cemeteries, and strengthens the collaboration between VA and the Department of Defense to better aid servicemembers as they transition out of the military.

The Administration is closely tracking the ongoing cost of providing for our veterans in the VA medical care system, and FY 2007 appropriations are sufficient to meet these projected needs. Congress augmented FY 2007 resources by including \$1.8 billion for VA in the recently enacted FY 2007 supplemental. As this additional funding came late in the year and is available until expended, most of these resources will be available in FY 2008 to supplement the 8 percent increase the Administration is seeking for the VA. The Administration believes that, when combined with these supplemental resources, the requested level for FY 2008 is more than sufficient to address all needs within the VA system.

The bill is \$3.8 billion more than the President's request and represents an 18.5 percent increase over the FY 2007 discretionary budget that Congress enacted for VA before the supplemental. The Administration agrees with Congress on the critical importance of providing needed care to the Nation's veterans and looks forward to working together on an appropriate funding level within the total \$933 billion discretionary topline for FY 2008.

Military Construction

The Administration is pleased that the 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 urges Congress to remove funding for unspecified additional projects.

Base Realignment and Closure (BRAC) 2005

The Administration supports full funding within the \$933 billion topline of the President's FY 2008 request to implement the recommendations of the 2005 BRAC Commission. This funding will allow the Department of Defense to implement successfully its plans for FY 2008, including the initiation or continuation of military construction projects necessary to accommodate base realignments and move personnel back to the United States from bases overseas.

Constitutional Concerns

Section 110 of the bill would require the Secretary to notify Congress before initiating a new installation overseas. Section 113 would require the Secretary to notify Congress of the plans and scope of certain proposed military exercises. Such mandatory disclosure requirements could infringe upon the President's foreign affairs, commander-in-chief, and national security powers where the President deems nondisclosure necessary to protect national security and/or tactical military or diplomatic efforts. These provisions should be amended to delete such direction, or be made permissive.

Several provisions of the bill purport to require approval of the Committees prior to Executive Branch action. These include sections 128, 201, 210, 220, and 222, and under the headings, "Information Technology Systems" and "Construction, Major Projects," both in Departmental Administration, Department of Veterans Affairs. These provisions should be revised to require only notification since any other interpretation would contradict the Supreme Court's ruling in *INS v. Chadha*.

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