



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

March 27, 2007
(Senate)

STATEMENT OF ADMINISTRATION POLICY

S. 965 – U.S. Troop Readiness, Veterans’ Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007

(Sponsor: Byrd (D), West Virginia)

The Administration strongly opposes S. 965, as reported by the Senate Appropriations Committee. The Administration seeks prompt enactment of the President’s request to support our armed forces and diplomatic corps as they implement the new strategy to achieve America’s strategic objective of a democratic Iraq that can govern, defend, and sustain itself and be an ally in the war on terror.

This legislation would substitute Congressional mandates for the considered judgment of our military commanders. This bill assumes and forces the failure of the new strategy even before American commanders in the field are able to fully implement their plans. Regardless of the success our troops are achieving in the field, this bill would require their withdrawal. This and other provisions would place freedom and democracy in Iraq at grave risk, embolden our enemies, and undercut the Administration’s plan to develop the Iraqi economy. If this legislation were presented to the President, he would veto the bill.

The war supplemental should remain focused on the needs of the troops and should not be used as a vehicle for added non-emergency spending and policy proposals, especially domestic proposals, which should be fully vetted and considered on their own merits. This bill adds billions in unrequested spending that is largely unjustified and non-emergency. Because of the excessive and extraneous non-emergency spending it contains, if this legislation were presented to the President, he would veto the bill.

Congress should reject this legislation, and promptly send the President a responsible bill that provides the funding and flexibility our troops need, without holding funding for the troops hostage to unrelated spending.

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 submitted a budget amendment on March 9, 2007, that would fully offset the \$3.1 billion shortfall needed to implement the recommendations of the 2005 Base Realignment and Closure Commission. Including this funding as an emergency request without offsets is inappropriate and unnecessary. The Administration urges passage of its request instead.

Global War on Terror

Funding Cuts. The Administration objects to cuts of \$2.6 billion for priority Operation and Maintenance and Procurement activities while increasing areas less critical to the war effort. Such reductions in funding for day-to-day operations and equipment purchases could impair the military's ability to execute wartime operations and reduce the readiness of U.S. forces as they prepare to deploy to Afghanistan and Iraq. The Administration urges the Congress to support the President's amended request.

Additionally, the bill does not fund \$400 million of the President's amended request for training, equipping, transporting, and sustaining our partners in the Global War on Terror. Our allies are critical to our success in combating extremists across the globe, and providing this support reduces the burden on U.S. forces. We strongly urge the Senate to restore these funds.

General Transfer Authority (GTA). The Administration appreciates the Committee's approval of the requested \$3.5 billion in GTA for this bill but urges that GTA for the FY 2007 DOD Appropriations Act be increased from \$4.5 billion to \$8.0 billion, as included in the March 9 revised request. This increase is essential for the Department of Defense to reallocate funds to sustain critical operations and to address the needs of our field commanders.

International Affairs Programs. The Administration commends the Committee for providing the President's request for important international affairs funding for avian influenza; assistance to Afghanistan and Lebanon; peacekeeping in Somalia, Chad, and East Timor; and unanticipated needs to help relieve human suffering, including in Sudan and other parts of Africa.

While the Administration appreciates the Senate's support of the request for Iraq-related funding, it objects to the reductions to Iraq assistance programs and Provincial Reconstruction Team (PRT) expansion. The bill reduces funding for democracy programs, building national capacity, strengthening local governing capacity and delivery of essential services, private sector development programs, and supporting Iraqi rule of law programs -- the very things that must be done to support our counterinsurgency strategy and to transition Iraq to self-reliance. The reduction in funding for PRT expansion will also impede our ability to get civilians into PRTs to build Iraqi governance capabilities at local and provincial levels. The Administration also opposes the reductions to the request for Kosovo which could inhibit our effort to support economic growth, security, and political stability during and after the resolution of its status. Given the reductions to Iraq and Kosovo, the Administration is especially concerned that the Senate bill provides over \$400 million in unrequested International programs. The Senate is urged to redirect funds from unrequested programs to fully fund the Iraq and Kosovo requests.

Katrina Recovery

Department of Homeland Security. The bill provides the States of Louisiana, Mississippi, Alabama, and Texas with a 100-percent Federal match for the Federal Emergency Management Agency (FEMA) public and individual assistance related to Hurricanes Katrina and Rita and would eliminate the prohibition on forgiving Community Disaster Loans. The bill also extends utility assistance for an additional 12 months. The Administration opposes a waiver of the State match requirement. The Administration also notes that the Administration is funding, at the

President's direction, 90 percent of Gulf-Coast rebuilding costs for public infrastructure and that the Federal Government has provided – following negotiations with the State governments of Louisiana and Mississippi – sufficient Community Development Block Grant funding to meet the Federal match requirements for Louisiana and Mississippi, in essence federally funding 100 percent of such costs.

Corps of Engineers. The Administration opposes the \$1.45 billion in unrequested and unnecessary emergency funding the bill provides for work related to Katrina and other 2005 season hurricanes, including the \$1.3 billion provided to address increased costs for certain ongoing levee restoration projects that were provided supplemental funding in P.L. 109-234. These funds are unnecessary because the Administration proposed FY 2007 supplemental language to allow the Corps to reallocate \$1.3 billion of previously appropriated emergency funding to address these needs. The Administration plans to consider the need for additional funding once the Corps completes its revised cost estimates for all planned work this summer.

Other Issues

The Administration strongly opposes provisions in the bill that would short-circuit and impair critically important regulatory efforts, as follows:

- *Chemical Site Security.* The Administration strongly opposes section 1502, as well as even more objectionable language in the House supplemental, which would compromise the Department of Homeland Security's ability to set and enforce, for the first time, a single, national performance-based standard for comprehensively enhancing the security of chemical facilities. Further, effectively changing the recently passed legislative language giving DHS the long-sought authority to regulate chemical facilities, before an interim final rule is issued, would be premature, serving only to delay the protection of these facilities.
- *Medicaid Regulations.* The Administration strongly opposes an amendment on Medicaid regulations which would undermine critical improvements in program integrity and perpetuate diversion of funds from the needs of low income Medicaid recipients to unrelated purposes. This amendment would preserve and promote inappropriate Medicaid financing schemes and inhibit the Administration's ability to curtail them.

Restricting Secretary of Homeland Security's Ability to Manage the Department. The Administration strongly objects to section 1501, which would eliminate the authority of the Secretary of Homeland Security to reorganize the Department to rapidly meet changing mission needs.

Disruption of U.S.-Mexico Trucking Demonstration Project. The Administration strongly objects to language intended to block the implementation of cross-border trucking provisions as required under NAFTA. Since 1995, the Federal government has spent over half a billion dollars, primarily in hiring safety inspectors and building inspection facilities along the border that will ensure that implementation can be carried out safely and consistent with Congressional direction. The failure to implement this international obligation would hurt American shippers, consumers, and long-haul truckers.

Material Support. The Administration supports the Committee's efforts under section 1711 to provide the Executive expanded legal authorities needed to determine certain provisions of the law inapplicable to certain individuals and groups of refugees and asylees in appropriate circumstances. The Administration has concerns with several of the specific provisions of the draft and will work with the Congress to address those concerns and produce a version that will achieve our common goal.

Constitutional Concerns

The Administration urges the Senate to strike provisions of the bill that infringe upon the President's constitutional authorities, interfere with the President's ability to conduct diplomatic, military, and intelligence activities or supervise the unitary executive branch effectively, or violate the constitutional principle of separation of powers, such as sections 1310 and 1315(b). Moreover, several provisions of the bill, including language relating to the Federal Emergency Management Agency under the subheadings "Administrative and Regional Operations" and "State and Local Operations," and sections 3301 and 3305, purport to require approval of the Committees prior to the obligation of funds. These provisions should be changed to require only notification of Congress, since any other interpretation would be inconsistent with the Supreme Court's ruling in *INS v. Chadha*. Section 3307(b) purports to direct the submission of legislative recommendations to Congress, and it should be revised to require such information only "to the extent the President shall judge necessary and expedient," so as to make the provisions consistent with the Constitution's commitment to the President of exclusive authority to recommend to Congress such measures as he judges necessary and expedient.

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