



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

July 24, 2003  
(House Rules)

## STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 2861 – Department of Veterans Affairs and Housing and Urban Development, and  
Independent Agencies Appropriations Bill, FY 2004**

(Sponsors: Young (R), Florida; Obey (D), Wisconsin)

The Administration supports House passage of the FY 2004 Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, as reported by the Appropriations Committee.

The Administration applauds the House Committee for reporting this bill in a timely manner and looks forward to working with the Congress to ensure that the FY 2004 appropriations bills ultimately fit within the top line funding level agreed to by both the Administration and the Congress. The President supports a discretionary spending total of \$784.7 billion, along with advance appropriations of \$23.2 billion for FY 2005 – in accordance with his Budget and the FY 2004 Congressional Budget Resolution. Only within such a fiscal environment can we encourage increased economic growth and a return to a balanced budget. The Administration looks forward to working with the Congress to ensure that its priorities are met within that overall total.

Additional Administration views regarding the Committee's version of the bill are:

### Veterans Affairs (VA)

The Administration appreciates the House's support for the critical increase requested in health care services for our Nation's veterans. The Veterans Affairs' Department operates the largest direct health care delivery system in the country and these resources will ensure vital medical services are available to meet the needs of veterans.

The Administration strongly opposes the House Committee's omission of two key Administration proposals that would refocus medical care on VA's core population of service-disabled and low-income veterans -- the \$250 annual enrollment fee and the proposed increase in pharmaceutical co-pays (from \$7 to \$15) for all other veterans. OMB estimates that the omission of these proposals would cost an additional \$500 million over the Committee estimate, and urges the House to adopt these important reforms, which will help keep in place the current enrollment decision to treat all enrolled core veterans and certain other non-core veterans.

The Administration asks that its budget amendment language allowing VA to continue its competitive sourcing studies be included in the final bill, as these studies are a critical component to meeting projected efficiency savings and would strengthen management of indirect services -- such as laundry and food services.

The Administration is very disappointed that the Committee rejected its account restructuring proposal that would align VA accounts to the nine major programs administered by the Department. One of the five government-wide initiatives in the President's Management Agenda is to better align performance and budgeting so that all stakeholders can easily see how Federal funds are spent. The Committee only chose to restructure medical care, but instead of consolidating accounts it split the proposed medical care account into four accounts, making it more difficult to administer. For example, medical care supplies and personnel are not easily separated into these categories and medical care collections are used to fund services for veterans in Priority Levels 7 and 8 when 58 percent of collections are associated with veterans in Priority Levels 1 through 6.

The Administration urges the Committee to accept the proposal to transform the Transitional Housing program into a grant program which would better serve homeless veterans. Finally, the Administration urges the House to eliminate the loan limitation placed on the Native America Home Loan program, as it is unnecessary under the Credit Reform Act and may be burdensome on the Department.

#### Housing and Urban Development (HUD)

We appreciate that the Committee funded the Department largely at the President's requested levels and particularly its support for programs that promote the President's goal to increase first-time minority homeowners.

The Committee provides \$125 million for the American Dream Downpayment Initiative, which will provide more than 400 State and local governments with grants to aid first-time homebuyers with down payment and closing costs. We urge the Congress to fund the 2004 Budget request of \$200 million, which would assist approximately 40,000 low-income families.

The Administration also urges the House to restore the Self-Help Homeownership Opportunities Program (SHOP) to the full \$65 million requested in order to help approximately 5,200 low-income families to become new homeowners.

The Committee has reduced resources devoted to the HOPE VI program, instead providing increases to a variety of other, more cost-effective housing programs. This is consistent with the Administration's view that HOPE VI has accomplished its original goal of demolishing 100,000 dangerous and obsolete public housing units, albeit slowly and in an inefficient manner. We support the decision to redirect these resources to programs, including HOME and the American Dream Downpayment Initiative, that serve similar purposes but achieve greater benefits for the same investment of taxpayer dollars.

### Corporation for National and Community Service (CNCS)

The Administration strongly supports the Corporation for National and Community Service and AmeriCorps. While the Administration appreciates that, for the first time in many years, the Committee provided funding for the Corporation for National and Community Service, the Administration is disappointed the Committee underfunded CNCS, a Presidential priority, by \$119 million, or 20 percent. The Committee bill reduced the request for AmeriCorps grants by \$69 million, or 22 percent, and capped enrollment at 55,000 members, or 20,000 below the request level. At a time when the Corporation and its grantees are implementing new management procedures to increase accountability, the Committee reduced funding for program administration by 25 percent. The Committee bill also failed to finance other critical national service activities, such as the President's Council on Service and Civic Participation which is housed at and administered by the Corporation for National and Community Service, research on effective programs and practices, and other agency functions that support its work reinforcing communities' nonprofit service delivery infrastructure. The Administration strongly urges the House to fully fund the President's request to ensure that the CNCS has the resources it requires to fulfill its mission of service to America.

### Environmental Protection Agency (EPA)

The Administration appreciates the Committee's support for the Energy Star program. This program funds voluntary government/industry partnerships and is a critical component of the President's climate change program.

The Administration is very disappointed with the \$115 million reduction to the President's request for Superfund, which would mean fewer Superfund construction starts, and the nearly \$40 million reduction to the President's request for brownfield cleanups, which would slow the redevelopment of these properties. These cuts in critical cleanup funding should be restored by reducing the \$250 million in unrequested funding for "targeted" but unspecified environmental grants.

The Administration objects to the Committee's proposed reductions to information technology programs. The reductions cut into vital base activities. The Committee action would mean that critical infrastructure, information collection needs, and Clinger-Cohen Act requirements would not be funded. The Administration urges the House to restore these resources so that the agency can maintain progress in management of information.

The Administration is also disappointed that the Committee has not funded drinking water infrastructure improvements in San Juan, Puerto Rico, where inadequate infrastructure has created a significant health risk to consumers, most of which are unable to afford the necessary upgrades. The House is urged to provide the \$8 million as requested.

The Administration objects to Committee language blocking promulgation of the pesticide tolerance fee rule and the collection of existing pesticide registration fees. The Committee's actions

unnecessarily increase the general taxpayer's burden.

National Aeronautics and Space Administration (NASA)

The Administration appreciates the Committee's action to provide the overall request for NASA, and specifically commends the Committee for fully funding the request for the Space Shuttle, the International Space Station, and the Space Launch Initiative. The Administration looks forward to working with Congress following the release of the Columbia Accident Investigation Board report. However, the Administration is concerned that the House bill includes over \$150 million in congressional earmarks that would require reductions of over \$100 million to requested science and technology programs. The House is urged to eliminate these earmarks and restore funding for those requested programs.

National Science Foundation (NSF): Math and Science Partnerships

The Administration is concerned that the House bill fails to fully support the President's \$200 million request for the Math and Science Partnerships program and yet provides a \$158 million increase above the request for NSF. The Administration urges the House to provide the full request for this program, which will strengthen math and science education by providing students with enhanced opportunities to perform to high standards.

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