



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

May 24, 2005
(House)

STATEMENT OF ADMINISTRATION POLICY

H.R. 2419 – Energy and Water Development Appropriations Bill, FY 2006

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

The Administration supports House passage of the FY 2006 Energy and Water Development Appropriations Act, as reported by the House Committee.

The Administration applauds the Committee for reporting this bill in a timely manner and looks forward to working with the Congress to ensure that the FY 2006 appropriations bills do not exceed the \$843-billion discretionary funding level proposed in the President's FY 2006 Budget and contained in the FY 2006 Congressional Budget Resolution. Sustaining the economy's expansion requires strong Federal spending discipline. The President's Budget includes over 150 savings and reforms and was the first to propose reducing non-security discretionary spending since the Reagan Administration. The Administration urges the Congress to shift funding from lower priorities and, as assumed in the Budget Resolution, to hold spending in the non-security discretionary category below last year's level.

Given the need for responsible spending restraint, the Administration urges Congress to fully fund unavoidable obligations, such as the President's request for the Army Corps of Engineers' flooding and hurricane response capability. The Administration looks forward to working with Congress to ensure the Administration's priorities are met within the overall total.

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

Select Initiatives and Savings

The Administration appreciates the Committee's strong support for many of the President's priorities including fully funding the request for the Weatherization Assistance Program, the Hydrogen Fuel Initiative, the National Nanotechnology Initiative, and Yucca Mountain repository construction, and for taking steps toward allocating Corps of Engineers construction funds through a performance-based system. The Administration also commends the Committee for adopting several program terminations proposed in the President's budget.

The Administration is concerned, however, that the bill fails to adequately fund a number of initiatives crucial for advancing the Nation's interest, and does not reduce or eliminate funds for programs that have outlived their purpose or are lower priority. For example, the bill does not fully fund the Nuclear Power 2010 program that will help ensure a cleaner, more diverse energy mix by supporting the development and operation of new nuclear power plants as soon as the middle of the next decade. The House is urged to restore the program's funding by redirecting funds from the oil-and-gas programs. The Administration appreciates the Committee's action to reduce funding for oil-

and-gas research and development (R&D), but we urge the House to achieve greater savings by adopting the Administration's proposal to terminate these programs in an orderly fashion. The oil-and-gas program activities often duplicate private-sector R&D efforts, and do not meet the Administration's performance results or R&D Investment Criteria. The oil-and-gas industry has the financial incentives and resources to develop new ways to extract oil and gas from the ground more cheaply and safely without taxpayer assistance.

The Administration urges the House to restore \$17 million in funding for carbon sequestration technologies, which are part of the President's Coal Research Initiative that will improve energy security by expanding the use of clean coal technology. In addition, the Administration objects to the Committee's reduction of more than half of the construction funds for U.S. contributions to the International Thermonuclear Experimental Reactor (ITER). Such a significant reduction could harm the standing of the United States during the critical final phase of the international negotiations this summer and would result in unnecessary schedule delays and cost escalation. Funding for these programs could be restored by redirecting funds from the oil-and-gas programs.

The Administration also objects to the bill's failure to fund the Bureau of Reclamation's Water 2025 program, which is targeted to preventing conflicts and crises over water in the Western States. The Administration would like to work with Congress to develop additional authority for this important initiative.

Department of Energy (DOE)

The Administration appreciates the Committee's support for critical nuclear weapons stockpile programs and non-proliferation efforts, but is concerned with the over \$500-million reduction in total funding for the National Nuclear Security Administration (NNSA). Funds should be restored to these NNSA programs by redirecting unrequested funds for the NNSA safeguards and security program and for the Corps of Engineers. The \$450-million net reduction to the request for Weapons Activities could impair NNSA's ability to certify the weapons stockpile in the absence of underground testing, and could hamper its ability to support the Department of Defense's required nuclear posture. The Administration is especially concerned about the \$242-million reduction to the advanced simulation, science, and engineering campaigns and the \$271-million reduction to stockpile services and to the facilities improvement and replacement program. The Administration is concerned that the \$361-million reduction in the Fissile Materials Disposition program would prevent the start of construction of a mixed oxide (MOX) processing facility in South Carolina in FY 2006, and result in a two- to three-year delay in the project. While there have been delays in reaching an agreement with the Russian government, the Administration remains committed to this project and has recently made significant progress with Russia towards resolving the question of liability protections. Reduction of funding for the U.S. facility could undermine Russian confidence in the MOX approach and put at risk international support and funding for the Russian MOX facility.

The Administration appreciates the Committee's support for timely completion of the Yucca Mountain repository and continues to support the goal of consolidating high-level radioactive nuclear waste and spent nuclear fuel as soon as possible. The Administration continues to believe that reaching agreement between the Administration and Congress on a source of predictable and adequate funding

for the Yucca Mountain program is key to progress in fulfilling our mandate to dispose of commercial nuclear waste.

The Administration is opposed to unrequested additional funding in the bill for site clean-up, including \$30 million provided for the Operable Unit 1 remediation as part of the Miamisburg closure project and \$195 million provided for the Hanford cleanup site. The Administration is committed to working with States and regulators to ensure adequate funding for site clean-up.

The Administration has taken action to reduce annual Laboratory Directed Research and Development (LDRD) funding but is concerned that the Committee's language goes too far. This large a cut could impact laboratories' ability to attract and retain high-quality scientists. In addition, the \$18-million reduction for the Chief Information Officer would severely affect the Department's ability to comply with the Federal Information Security Management Act and Presidential directives regarding E-government and cyber security.

Army Corps of Engineers-Civil Works

The Administration commends the Committee for recognizing the need to establish a performance-based system for allocating civil works construction funds. The Administration looks forward to working with Congress to maximize the overall value of the program to the Nation within available funds.

The Administration is concerned that the Committee has funded the civil works program at about \$400 million above the President's proposal. Most of this increase is for projects that are outside the Corps mission areas, do not meet current economic or environmental standards, or achieve a relatively low net return. These funds should be redirected to higher-priority needs identified within the Corps and DOE.

The Administration is also concerned that the Committee reduced funding for high-priority Corps projects, including \$20 million in General Investigations for coastal Louisiana wetlands restoration and related science and technology work, \$12 million for Columbia River fish recovery, and \$5.4 million for Missouri River fish and wildlife recovery. In addition, the statutory citations regarding funding for Everglades restoration should be expanded to include the full range of South Florida restoration projects that Congress has authorized.

The Administration applauds the Committee's efforts to improve the Corps' financial management by establishing reasonable bounds on the use of multi-year construction contracts. The Administration wants to work with the Committee to ensure that any changes to reprogramming rules do not impair the ability of the Corps to implement the civil works program. For example, new rules could be phased in to avoid adverse impacts related to contracts signed prior to the end of FY 2005.

Department of the Interior-Bureau of Reclamation and the Central Utah Project

The Administration appreciates the Committee's support for the California-Federal Bay-Delta Restoration (CALFED) program. The Administration fully supports the balanced implementation of

CALFED, including \$12.4 million for water quality elements of the program requested through the Water and Related Resources account. The Administration is concerned, however, that the Committee's increased funding for storage feasibility studies, at the expense of the Environmental Water account, will create imbalance in the program and make it difficult for the program to meet its ecosystem commitments. The Administration urges the House to fully fund the Environmental Water account.

The Administration urges the House to provide the \$6.65 million for the Western Area Power Administration (WAPA) for transfer to the Utah Reclamation Mitigation and Conservation Account. Not providing this funding would violate provisions of the Central Utah Project Completion Act, P.L. 102-575. The funds are integral to mitigating project impacts of the Colorado River Storage Project, of which WAPA power customers are beneficiaries.

President's Management Agenda - Competitive Sourcing and E-government

The Administration strongly opposes provisions in the bill that would restrict the Army Corps of Engineers from improving program management through competitive sourcing. The Administration has adopted a reasoned approach for ensuring the fair and effective application of competition. On a Government-wide basis, competitions completed in FY 2004 are estimated to generate savings, or cost avoidances, for the taxpayer of more than \$1.4 billion over the next three to five years. The Corps is implementing competitive sourcing in a strategic and responsible manner, and the Administration urges the House to remove the funding restriction on this activity. The Administration also opposes the significant reduction to funding for the Corps of Engineers' E-Government initiative, and the Administration looks forward to working with Congress on these important initiatives.

Constitutional Concern

The Administration objects to Section 303 of the bill because it purports to require Committee approval before Executive Branch execution. This provision 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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