July 24, 2001
(House Rules)

H.R. 2590 - TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS BILL, FY 2002
(Reps. Young (R) Florida; Istook (R) Oklahoma)

This Statement of Administration Policy provides the Administration's views on the Treasury, Postal Service, and General Government Appropriations Bill, FY 2002, as reported by the House Committee.

We appreciate the Committee's efforts to fund agencies and programs at the President's request and within the levels agreed to under the budget resolution. For example, the Administration is pleased that the Committee provided the funding requested for the Prevent Youth and Gang Initiative, which will enable the Bureau of Alcohol, Tobacco, and Firearms to continue its work on the reduction of youth violence.

The Administration supports passage of the bill and appreciates that the Committee has funded agencies and programs within the levels agreed to under the budget resolution. We would like to take this opportunity to share some concerns with the Committee version of the bill. We look forward to working with Congress to resolve these issues as the bill moves forward.

Electronic Government Fund (E-Gov)

We urge the House to restore the $15 million reduction to the President's request for the E-Gov Fund as well as the language on how the Fund is to be administered. This initiative would play an important role in fulfilling the President's commitment to a Federal Government that is more efficient, productive, and responsive to its citizens. In particular, the project approval role requested for OMB is important to assure that the use of the proposed E-Gov Fund is coordinated with agencies' other information technology investments as well as with complementary management reform initiatives.

Postal Service

The Administration strongly opposes the use of advance appropriations, such as the advance appropriation included in the bill for the Payment to the Postal Service Fund, to avoid discretionary spending limitations. There is no programmatic justification for an advance appropriation for this account, and we urge the House to fully fund this program through FY 2002 appropriations.

General Services Administration (GSA)

The Administration appreciates the full funding of GSA's Repair and Alteration Program, which is critical to the maintenance of our Nation's public buildings. However, we are concerned about failure to fund repayment of the Judgment Fund for claims against GSA. Since GSA is required by Federal law to repay the Judgment Fund, OMB will score the $84 million cost associated with this repayment.

Federal Employees Health Benefits Program (FEHBP) Cost Accounting Standards

The Administration opposes section 513 of the bill which would continue the one-year moratorium on the application of Cost Accounting Standards (CAS) to experience-rated contracts awarded under the FEHBP. A statutory moratorium is not required, as existing law provides for an administrative process that allows the CAS Board to exempt or waive classes or categories of contracts from any or all CAS requirements in accordance with current statutory and regulatory criteria. In addition, the affected parties have been working on this issue for over a year and that work is leading to a draft set of principles and procedures applicable to the allocation of administrative costs by the carriers to FEHBP contracts.

Federal Employee Pay

An amendment was adopted in Committee that provided a 4.6 percent pay raise for Federal civilian employees. The President's budget proposes a pay raise of 3.6 percent for Federal civilian employees and the Administration continues to believe the proposal included in the President's budget is both reasonable and responsible. We urge the Congress to support the President's budget policy. The additional cost of a Government-wide 4.6 percent civilian pay raise is nearly $900 million over what is currently included in the President's request and would, in many cases, need to be absorbed within agency budgets. The additional cost of this policy would divert critical resources from programs across the Government.

FEHBP Contraceptive Coverage Mandate

The Administration believes that all federal employees should have access to a wide range of health care insurance options, including access to prescription drugs such as contraceptives. The President's Budget did not include a specific mandate for prescription contraceptives in the Federal Employees Health Benefit Program because the FEHBP does not mandate coverage for any other prescription drug and virtually all plans already provide contraceptive coverage because of the high demand for this coverage. Because the FEHBP is a competitive program, insurers offer what they believe will be most beneficial and important to current and potential enrollees at a premium that is affordable. The Administration will not, however, object to the provision adopted by the Committee.

Executive Office of the President (EXOP)

The Administration appreciates the Committee's bipartisan consideration of the Administration's proposal to consolidate the current 18 separate appropriations for Offices and Councils in the Executive Office of the President (EXOP) into one account, but is disappointed that it did not adopt the proposal. This proposal would provide the President with the flexibility to more effectively manage and align resources consistent with needs. It would also ensure that the new EXOP Chief Financial Officer (CFO) has the ability to fulfill the requirements of the CFO Act and achieve economies of scale in purchasing not currently available. We look forward to continuing to work with the Congress on this proposal.

The Administration appreciates the Committee's support for the President's drug control initiatives. However, we are disappointed that no funding was provided for the Parents' Drug Corps, which would enable parents to help their children avoid the dangers of substance abuse.

Office of Management and Budget (OMB) Apportionment Authority and Credit Subsidy Estimates

The Administration objects to a provision added in Committee that would require OMB to apportion at least 75 percent of the FY 2002 funding for international food assistance provided by the Department of Agriculture no later than December 31, 2001, and would limit OMB's involvement with the interagency Food Assistance Policy Council (FAPC). This restriction is troubling given that GAO and other independent groups have identified cases in which such programs can be inefficient and susceptible to corruption and waste. It would seriously restrict the President's ability to discharge his responsibilities and would hamper the President's ability to conduct foreign policy since the FAPC provides a forum for different agencies to work together to ensure that food donations are provided in a way that is consistent with U.S. international objectives and sound programmatic management. The Administration urges the House to drop this restriction on OMB's apportionment authority.

The Administration is also concerned that the Committee included a provision that purports to mandate how subsidy estimates should be calculated for the Small Business Administration's (SBA) 7(a) General Business and 504 Certified Development Company loan programs. This provision would interfere with OMB's responsibility to ensure that the Federal Credit Reform Act of 1990 is implemented on a reasonable and consistent basis. Further, it would set a dangerous precedent for other Federal credit programs by ignoring information that could be indicative of future performance, thereby, misrepresenting the programs' true cost to the Government. OMB will continue to work closely with SBA, as it does with all credit reform agencies, to improve the accuracy of its subsidy calculations. The Administration will interpret this provision to require only an illustrative display in the President's budget as any other reading would be inconsistent with the Constitution's Recommendations Clause. We will continue to ensure the integrity of the technical analysis used to develop the subsidy estimates across the government and strongly urge the House to delete this provision.

Infringement on Executive Authority

The Administration objects to a number of provisions in the bill that would require Committee approval before Executive Branch execution. The Administration will interpret these provisions to require only notification of Congress, since any other interpretation would contradict the Supreme Court ruling in INS v. Chadha.

Section 619 of the bill raises substantial separation of powers concerns because it could be read to limit the ability of the President and his appointed heads of departments to supervise and control the operations and communications of the Executive Branch, including the control of privileged and national security information.

Potential Amendments

The Administration is aware of several amendments that could be introduced on the House floor that would weaken existing sanctions against the Cuban Government. The Administration believes it is important to uphold and enforce the law to the fullest extent with a view toward preventing unlicensed and excessive travel, enforcing limits on remittances, and ensuring that humanitarian and cultural exchanges actually reach pro-democracy activists in Cuba. Therefore, the Administration would strongly oppose any amendment that weakens sanctions against the Castro regime.

[Ed. Note: Copied from http://www.whitehouse.gov/omb/legislative/sap/107-1/HR2590-r.html and converted to PDF without change on August 13, 2006]