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OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 23, 2005
(House)

STATEMENT OF ADMINISTRATION POLICY
H.R. 3010 – Labor, Health and Human Services, and Education, and Related Agencies
Appropriations Bill, FY 2006

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

The Administration supports House passage of the FY 2006 Departments of Labor, Health and Human Services, and Education, and Related Agencies Bill, as reported by the House Appropriations 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 is extremely pleased that the Committee, without the use of gimmicks, reported a fiscally responsible bill that eliminates nearly half the programs the President proposed for termination and reduces a number of others.

The Administration urges 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. The Administration looks forward to working with Congress to ensure the Administration's priorities in this bill are met within these budget constraints and commends the Committee for funding a number of high-priority programs such as Pell Grants, the Teacher Incentive Fund, Health Information Technology, and pandemic influenza preparedness.

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

Department of Education

The Administration is pleased that the bill supports increased investments for many of the President's education priorities and adopts many of the terminations and reductions proposed by the Administration. The Administration would like to continue to work with the Congress to provide additional funding for its highest priority education initiatives, which could be financed by redirecting additional funds from programs such as Safe and Drug-Free Schools State Grants, Even Start, Education Technology State Grants, and other programs that have failed to achieve results.

Pell Grants. The Administration appreciates the strong support for the Pell Grant program demonstrated by the Committee bill, which pays off the \$4.3 billion shortfall, increases

the maximum award by \$50, and fully funds the program's costs by increasing the annual appropriation by \$1 billion over the 2005 level. The Administration will continue to work with Congress to increase the Pell Grant maximum award by \$100 in 2006 (from \$4,050 to \$4,150) and \$500 over 5 years, as proposed in the President's Budget.

High School Reform. The Administration is concerned that the bill does not provide the requested funding increases for programs to help ensure that all high school students graduate with the education, skills, and knowledge necessary to succeed in postsecondary education and today's highly competitive economy. The Administration urges the House to support the increases proposed for Striving Readers, Advanced Placement, and State Scholars Capacity Building. In addition, the Administration urges the House to support the Secondary School Math initiative, which would provide competitive grants to partnerships between secondary schools and colleges to increase achievement in math for struggling secondary students.

Elementary and Secondary Education Priorities. While the bill contains less than requested, the Administration appreciates the Committee's funding increases for Title I of the No Child Left Behind Act to improve educational outcomes for at-risk students and for IDEA State Grants to support special education for students with disabilities. The Administration also commends the Committee for providing \$100 million for the Teacher Incentive Fund, an initiative that will reward effective teachers and provide incentives for highly qualified teachers and principals who raise student achievement and close the achievement gap in high-need schools.

School Choice. The Administration is concerned that the bill does not include funds for the Choice Incentive Fund that would provide parents with expanded opportunities for transferring their children from low-performing schools to better public, charter, or private schools. We urge the House to support this crucial component of the Administration's efforts to increase school choice options for students from low-income families.

Student Drug Testing. The Committee directs that a student drug testing pilot program be funded at a level of at least \$10 million rather than the \$25 million requested by the President. We urge the House to support the President's request for this important initiative in a manner that does not require reductions to other important drug abuse prevention efforts.

Department of Health and Human Services

The Administration appreciates the Committee's support for investments in Health Information Technology; strengthening the annual supply of influenza vaccine; enhanced preparedness for a potential influenza pandemic; global disease detection activities; National Institutes of Health (NIH) research, including the new chemical countermeasures development effort; and the Ryan White Care Act.

The Administration would also like to thank the Committee for fully funding Medicare Modernization Act implementation. The Administration would like to continue to work with the Congress to provide additional funding for its highest priority health and human services initiatives, which could be financed by redirecting additional funds from low-priority programs such as the Preventive Health Block Grant, the Community Services Block Grant, and other programs that have failed to achieve results.

Medical Surge Capacity. The Administration is concerned that the bill does not fund the medical surge capacity initiative. A bioterrorist attack or other public health emergency in one or more cities could quickly overwhelm the healthcare system in the affected areas. Actions must be taken in advance of such an event to train, enroll, and verify the credentials of volunteer healthcare providers and establish deployable mobile care units to quickly provide urgent medical care in an emergency, and we urge the House to support this initiative.

Strategic National Stockpile (SNS). While the Administration appreciates the \$63 million increase above the FY 2005 level provided by the Committee for the SNS, the Administration is concerned that the bill seriously underfunds the requirements for the SNS. There are multiple, competing demands for medical countermeasures to protect the public's health against terrorist threats such as anthrax and the use of chemical weapons, as well the growing risk of a global influenza pandemic. The SNS is the Nation's only reserve of medicines and equipment to protect the health of the public against these and other threats and we look forward to working with the Congress to support this program, including assets for medical surge capacity.

Health Centers. The Administration appreciates the Committee's support for the President's Poor Counties Initiative. The Administration urges the Congress to fully fund the Health Centers request, which would provide quality healthcare services to almost 2.4 million low-income and underserved individuals in 570 new or expanded health center sites.

Access to Recovery. The Administration urges the Congress to fund the requested \$51 million increase for the Access to Recovery program. This increase will expand the grants to seven new States. These grants have strong performance and accountability standards and have already helped 15 States and territories bring real choice to thousands of individuals needing substance abuse treatment.

Global Fund to Fight HIV/AIDS, Tuberculosis, and Malaria. The Administration requested \$300 million for the Global Fund -- \$100 million each in NIH, U.S. Agency for International Development, and the State Department. The House Appropriations Committee has provided \$400 million for the Global Fund in the Foreign Operations bill. The Administration looks forward to working with the House and Senate to fund through these three agencies the Administration's request for the President's Emergency Plan for AIDS Relief, including the Global Fund and the Global HIV/AIDS Initiative Account, which primarily funds programs in the 15 focus countries.

Medicare Appeals. As the Administration prepares to launch the new Medicare prescription drug benefit and Medicare Advantage program, the planned transfer of the Medicare hearings appeal process to HHS from the Social Security Administration requires adequate funding to ensure that HHS meets the statutory 90-day time frames for processing appeals and provides Medicare beneficiaries with timely and accessible hearings. The House is urged to support the request of \$80 million.

Health Care Fraud and Abuse Control Account. The Administration is concerned that the Committee did not include \$80 million requested for efforts to safeguard the Medicare prescription drug program, Medicare Advantage, and Medicaid/SCHIP from fraud, waste, and abuse.

Community Services Block Grant (CSBG). The Administration appreciates that the Committee used information indicating this program's poor performance as a basis for decreasing CSBG funding by \$317 million. In light of program duplication and overlap, weak performance measures, and grants awarded on a nominally competitive basis, the Administration urges the Congress to eliminate the program and support the proposal to consolidate CSBG as part of the Strengthening America's Communities Initiative within the Department of Commerce.

Compassion Capital Fund (CCF). The Administration appreciates the additional \$20 million in new funding for CCF. While an increase, this funding level will not fully support the \$50 million new gang prevention initiative. Competitive grants will be awarded to faith-based and community groups that will foster supportive relationships with youths ages 8-17 through targeted street outreach, direct youths to social services, and present alternatives to gang involvement.

Marriage and Healthy Family Development. The Committee provides \$11 million of the \$39 million requested increase for the community-based abstinence education. While the Administration appreciates the increase, we urge the Committee to fund the program at the requested level so that 96 additional grants may be awarded for a total of 273 grants in FY 2006.

Department of Labor

The Administration commends the Committee for its support of the request and for sustaining many of the proposed reductions to programs in the Department of Labor that are not producing intended results or are not appropriate uses of taxpayer resources.

The Administration strongly opposes the Committee's significant reduction of funds for Community-Based Job Training Grants. This Presidential initiative will help community colleges partner with local employers and the workforce investment system to train workers for industries creating the most new jobs. The Administration is concerned that the bill rescinds \$125 million of the \$248 million the Congress appropriated for FY 2005 and provides only \$125 million of the \$250 million request for FY 2006. At this funding level, training opportunities for up to 50,000 workers would be eliminated in both 2005 and 2006. The Administration urges the House to restore funding for FY 2005 and support the request for FY 2006.

The Administration is concerned that the Committee did not fund the requested increase over FY 2005 to support the Department of Labor's portion of the President's Prisoner Re-entry Initiative. Working through faith-based and community organizations, this initiative will reduce recidivism and strengthen communities by helping tens of thousands of ex-offenders make a successful transition back to society and long-term employment. At full funding, the initiative would assist thousands more ex-offenders and reach nearly twice as many heavily impacted communities.

The Administration objects to the Committee's restrictions on the longstanding appropriations transfer authority of the Secretary of Labor. This provision would constrain the Executive Branch's ability to rapidly address emergent issues, such as the unique employment

needs of separating service members. The Administration urges the House to restore this authority.

Social Security Administration (SSA)

The Administration appreciates the Committee's funding of SSA's work in determining low-income subsidies for the drug benefit available under the Medicare Modernization Act (MMA). The Administration also appreciates the Committee's extension of the availability of previous MMA funding into FY 2006. The Administration is concerned, however, that the Committee reduced the Administration's request for SSA's limitation on administrative expenses by \$109 million, and the House is urged to restore this funding. The reduction could result in the processing of 136,000 fewer claims and an increase in waiting times by 19 days.

Corporation for National and Community Service

The Administration appreciates the Committee's support for national service programs but is disappointed that the Committee did not fully fund the request for AmeriCorps grants and Teach for America. These programs would support 75,000 AmeriCorps members and volunteer teachers in low-income, underserved communities.

Institute of Museum and Library Services

The Administration appreciates the Committee's funding increases for the Grants to State Library Agencies program and the newly renamed Laura Bush Twenty-First Century Librarian Program. The House is urged to provide funding at the requested level for these important programs that support the expansion of services and access to our public libraries and help to increase the pipeline of talented librarians to serve in these institutions.

Potential Amendments

The Administration understands that an amendment may be offered that would prohibit the Social Security Administration from using administrative funds to support Mexico Totalization Agreements. There is an established congressional review process for Totalization Agreements, and the Administration believes that Mexico Totalization should be evaluated under the standard process, rather than have that review pre-empted by an appropriations rider.

The Administration also understands that an amendment may be offered that would prevent HHS from making certain beneficiary information available to the sponsors of Medicare prescription drug plans (PDPs) and Medicare Advantage (MA) plans for purposes of marketing. The Administration would strongly oppose any such amendment as this provision would seriously disrupt the process of educating Medicare beneficiaries about their choices under the new Medicare drug benefit and could slow beneficiary enrollment into PDPs and MA plans. Given that beneficiaries who do not enroll by May 15, 2006, may face a late-enrollment penalty, it is important that plans be able to contact beneficiaries in a timely manner. The House is urged to reject this amendment.

The Administration understands that an amendment may be offered to prohibit the use of HHS funds for appointment of a Medicaid commission. The Executive Branch needs to be free

to seek advice from various stakeholders on this complex program. Moreover, the Senate strongly encouraged the Administration to seek input from an array of sources to help in the formulation of options for adjustments to Medicaid that will be considered later this year.

The Administration understands that an amendment may be offered that would prohibit funding to be used for the student drug testing program at the Department of Education. The Administration would oppose this amendment, as funds for this Presidential priority are used in 79 middle and high schools nationwide to effectively reinforce drug prevention efforts of parents, educators, health and faith communities. The House is urged to reject this amendment.

Constitutional Concerns

The Administration objects to a number of provisions in the bill, including in sections 102, 208, and the proviso under the heading “Pension Benefit Guaranty Corporation Fund,” that would purport to require Committee approval before Executive Branch execution. These provisions should be changed to require only notification of Congress, since any other interpretation would contradict the Supreme Court ruling in *INS v. Chadha*.

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