



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

July 18, 2005
(Senate)

STATEMENT OF ADMINISTRATION POLICY
H.R. 3057 – Department of State, Foreign Operations, and Related Programs
Appropriations Bill, FY 2006

(Sponsors: Cochran (R), Mississippi; Byrd (D), West Virginia)

The Administration appreciates the effort by the Senate Appropriations Committee to fund the President's key priorities. However, the Administration does not support Senate passage of the FY 2006 Department of State, Foreign Operations, and Related Programs Appropriations Bill in its current form because it includes provisions that would overturn the Administration's family planning policy (commonly known as the "Mexico City" policy) and that would weaken the Kemp-Kasten provision in current law. The President would veto the bill if it were presented to him with such provisions.

The Administration applauds the Committee for reporting this bill in a timely manner and looks forward to working with 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, as amended by the July 14, 2005, request for additional funds for Veterans Affairs medical care. 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 very pleased that the Committee reported a fiscally responsible bill that supports many of the Administration's priorities, including funding for Iraq, Afghanistan, Pakistan, the Global HIV/AIDS Initiative, and the Conflict Response Fund. In addition, the Administration appreciates the Committee's interest in democracy programs and support for the President's Freedom Agenda and for refugee resettlement and protection programs, and looks forward to working with the Committee to ensure consistency with the President's request. The Administration looks forward to working with Congress to ensure the Administration's priorities in this bill are met within these budget constraints.

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

Millennium Challenge Account (MCA)

The Administration appreciates the Committee's increase in MCA funding above the FY 2005 enacted level, but is concerned that the bill is \$1.2 billion less than the President's request. MCA is a critical part of the President's foreign assistance program. Funding MCA will enable it to support more results-oriented assistance programs in countries that have taken responsibility for their own development through the adoption of sound policies. The

Administration looks forward to working with Congress for additional resources to support an invigorated MCA.

Food Aid

The Administration is very concerned that the Committee did not provide any of the \$300 million requested under International Disaster and Famine Assistance for cash food aid. Without these funds, the United States Agency for International Development (USAID) will not have the necessary means to provide emergency food in those instances where the rapid use of cash assistance is critical to saving lives. Food grown by American farmers will continue to be the cornerstone and the bulk of U.S. food assistance, but having funds to procure food locally would provide increased flexibility in those situations that require quick action to save lives.

Contributions to International Organizations (CIO)

The Administration also objects to the \$130 million reduction in the Contributions to International Organizations (CIO) account. Failing to fully meet our international obligations to the United Nations (UN) and affiliated organizations would undermine our ongoing efforts to reform that organization. The Administration also encourages the Senate to include the requested provision that allows UN Capital Master Plan interest payments. This provision is required to facilitate the most cost-effective U.S. financing mechanism necessary to support renovation of the UN Headquarters building in New York City.

Diplomatic and Consular Programs

The Administration urges the Senate to support the President's request for Diplomatic and Consular Programs. Approximately \$100 million of the proposed reduction would come from the Department's unobligated balances that are programmed for critical Iraq and Afghanistan operations funded through supplemental appropriations, as well as other important programs such as the Department's Border Security Program and its Worldwide Security Upgrades program. These reductions would have a negative impact on these high-priority operating requirements.

USAID Operating Expenses

The Administration urges the Senate to restore the \$61 million reduction to the President's request for USAID Operating Expenses. Of the increase requested, \$36 million is for Iraq and Afghanistan operations, which were previously funded through supplemental funding requests. Covering the costs of Iraq, Afghanistan, and other priorities within the level of funding provided by the Committee would negatively impact USAID program effectiveness by requiring reductions in overseas presence, security enhancements, and training. The requested level is necessary to allow USAID to successfully implement new programs, close critical staffing gaps, and continue progress on key management reforms.

Multilateral Development Banks (MDBs)

The Administration strongly urges full funding of the President's request for the International Development Association (IDA). Such funding is critical not only to lock in the significant reforms won by the United States in the IDA-14 replenishment negotiations, but also

to implement the debt-relief initiative agreed to by President Bush at the G-8 Gleneagles Summit.

The Administration also urges full funding for the Asian Development Fund and the African Development Bank. Consistent with the bill's report language, the United States is a steadfast opponent of all Asian Development Fund assistance to Burma, and underfunding the U.S. share to the African Development Bank risks losing U.S. voting power and influence despite recent U.S.-led success in reforms at both the Bank and the Fund.

Export Import Bank

The Administration urges the Senate to support the request for the Export-Import (ExIm) Bank Program Account to ensure that U.S. exporters have the resources necessary to compete with officially supported foreign competition in overseas markets. The \$61.5 million reduction in ExIm Bank's subsidy would decrease the amount of export finance that the Bank could support by an estimated \$2 billion below the FY 2004 level.

Other Issues

The Administration is concerned about several language issues, both in the General Provisions and other titles of the Bill. The Administration objects to the provision in the Economic Support Fund account that would preclude spending of half of the funds in the Economic Support Fund for Egypt until certain specific conditions are met. This would harm our relationship with Egypt, which is important in the context of Sudan, Lebanon, Iraq, Israeli-Palestinian matters and Egypt's internal reform process.

The Administration is concerned that sections 6025 and 6083 would limit activities in international counternarcotics programs, both by reducing FY 2006 funding to lower levels reflecting amounts of unobligated balances and precluding the procurement of aircraft.

The Administration also urges the Senate to include special authorities requested, particularly exempting ExIm Bank programs in Libya from the ban on direct assistance to named countries. Similarly, the Senate should include the authority requested for the Conflict Response Fund that would enable use of other funds in the Act, notwithstanding any other provision of law, for purposes of preventing and responding to conflict or civil strife, and to remove the five percent limitation on use of the fund for administrative expenses.

The Administration urges the Senate to support a level of \$40 million for labor and environmental enforcement capacity-building in the Dominican Republic-Central America Free Trade Agreement signatory countries.

Finally, the Administration appreciates the Senate Committee's work in combining the appropriations for the State Department and Foreign Operations, but looks forward to working with the Committee to clarify the applicability of general provisions to foreign assistance accounts and State operations accounts.

Constitutional Concerns

Provisions of the bill, including section 6006(a), 6014, 6051, 6078, 6079(a), 6081(c),

6061(a), 6062, 6099, 6101, and 6105, that purport to direct or burden the conduct of foreign relations, and of negotiations and communications with foreign countries or international organizations, should be amended to delete such direction or burden, to make the provisions consistent with the constitutional authority of the President to conduct the Nation's foreign relations, and to supervise the unitary Executive Branch.

Several provisions of the bill, including sections 6006(e), 6012, 6034(1), 6056(c), 6061(d), 6064(b), and under the heading, "Transition Initiatives" in title I, purport to condition execution of a law upon prior consultation with committees of Congress or private organizations. These provisions should be amended to delete the consultation requirement, or be changed to require only notification, so as to be consistent with the Constitution's vesting in the President of the executive power, and the authority to conduct the Nation's foreign relations

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