

THE WHITE HOUSE
WASHINGTON

May 5, 2005

Dear Mr. Speaker:

I ask the Congress to consider the enclosed FY 2006 budget amendments for the Departments of Agriculture, Education, Health and Human Services, Justice, and the Treasury; and the United States-Canada Alaska Rail Commission. Overall, the discretionary budget authority proposed in my FY 2006 Budget would not be increased by these requests.

This transmittal also contains FY 2006 budget amendments and an FY 2005 proposal for the Legislative Branch. As a matter of comity, appropriations requests of the Legislative Branch are commonly transmitted without change.

The details of these proposals are set forth in the enclosed letter from the Director of the Office of Management and Budget.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Dennis Hastert". The signature is stylized and cursive, with a large initial "J" and "H".

The Honorable J. Dennis Hastert
Speaker of the
House of Representatives
Washington, D.C. 20515

Enclosure



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

THE DIRECTOR

May 4, 2005

The President
The White House

Submitted for your consideration are requests for FY 2006 budget amendments for the Departments of Agriculture, Education, Justice, Health and Human Services, and the Treasury; and the United States-Alaska Rail Commission. These appropriations language amendments are necessary to reflect correctly policies assumed in the FY 2006 Budget. Overall, FY 2006 discretionary budget authority would not be increased by these requests.

The Mid-Session Review (MSR) of the FY 2006 Budget, due to the Congress on July 15, 2005, will adjust the Budget to reflect necessary corrections and updates to the FY 2006 Budget to reflect budget policies. For example, your Budget inadvertently did not include the outyear estimates of the budget impact of the Central American Free Trade Agreement (CAFTA) proposal. The Administration supports enactment of the legislation to implement CAFTA. The MSR will include the additional revenue costs not reflected in the Budget of the implementation of CAFTA.

This transmittal also contains FY 2006 budget amendments and an FY 2005 proposal for the Legislative Branch. As a matter of comity, appropriations requests for the Legislative Branch are commonly transmitted without change.

FY 2006 Amendments

- Language is proposed to reduce the 10-year limitation on mandatory budget authority for the Department of Agriculture's Conservation Security Program in order to reflect correctly the permanent cancellation of that budget authority assumed in the FY 2006 Budget.
- Language is proposed that would change spending authority for the administrative costs of certain student loan programs from mandatory to discretionary for FY 2006, as assumed in your Budget. An accompanying amendment would provide discretionary appropriations for these administrative costs.
- A request to provide \$20 million for a new grant program in the Department of Justice (DOJ) to train public defenders, prosecutors, and judges in State capital cases to ensure that defendants receive a fair sentence. The proposal is fully offset by a proposed reduction within DOJ.

- Several other technical amendments to your FY 2006 Budget are included in this transmittal for the Departments of Agriculture, Health and Human Services, Justice, and the Treasury; and the United States-Canada Alaska Rail Commission, as described in detail in the enclosures.

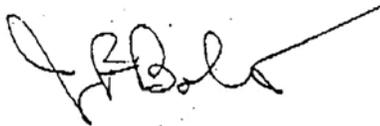
Legislative Branch

- This transmittal includes FY 2006 amendments for the Senate, Joint Items, and the Medicare Payment Advisory Commission. In total, these amendments would increase net discretionary resources in the FY 2006 Budget by \$1,000.
- In addition, an FY 2005 supplemental proposal is included that would provide a total of \$485,000 for the Library of Congress to cover the costs of establishing the Copyright Royalty Judges Program.

Recommendation

I have reviewed these proposals and am satisfied that they are necessary at this time. Therefore, I join the heads of the affected Departments and agencies in recommending that you transmit the proposals to the Congress.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Bolten', with a long horizontal stroke extending to the right.

Joshua B. Bolten
Director

Enclosures

FY 2006 Budget Amendment

Agency: DEPARTMENT OF AGRICULTURE
Bureau: RURAL DEVELOPMENT
Heading: Rural Community Advancement Program
FY 2006 Budget Appendix Page: 132
FY 2006 Pending Request: \$521,689,000
Proposed Amendment: Language
Revised Request: \$521,689,000

(In the appropriations language under this heading, delete the closing bracket before the phrase, "of which \$250,000" in the first proviso; and delete the opening bracket before the phrase, "Provided further, That of the amount appropriated for rural community programs, \$6,350,000".)

This proposal is necessary to reflect correctly the policy in the FY 2006 Budget regarding funding for rural transportation technical assistance in this account.

The proposed budget totals would not be affected by this technical language amendment.

FY 2006 Budget Amendment

Agency: DEPARTMENT OF AGRICULTURE

Heading: TITLE VII—GENERAL PROVISIONS, SECTION 721

FY 2006 Budget
Appendix Page: 200

FY 2006
Pending Request: ---

Proposed Amendment: Language

Revised Request: ---

(In the appropriations language under the above heading, section 721(c) is amended by adding the following before the semi-colon: : Provided, That 16 U.S.C. 3841(a)(3) is amended by deleting '\$6,037,000,000,' and inserting in lieu thereof, '\$5,997,000,000'.)

This proposal would amend the pending appropriations language to reflect correctly savings assumed in the FY 2006 Budget. The amendment reduces the 10-year limitation on mandatory budget authority for the Conservation Security Program to account for the Budget's proposal to permanently cancel \$40 million in FY 2006.

The proposed budget totals would not be affected by this technical language amendment.

FY 2006 Budget Amendment

Agency: DEPARTMENT OF EDUCATION

Heading: GENERAL PROVISIONS

FY 2006 Budget
Appendix Pages: 384-385

FY 2006
Pending Request: ---

Proposed Amendment: Language

Revised Request: ---

(In the appropriations language under the above heading, insert the following new provision after Sec. 304.)

SEC. 305. (a) Notwithstanding section 458 of the Higher Education Act of 1965 (20 U.S.C. 1087h), for fiscal year 2006—

(1) no funds shall be made available under subsection (a)(1) of that section;

(2) there are authorized to be appropriated \$795,000,000 for the administrative costs and account maintenance fees described in subparagraphs (A) and (B) of that subsection, of which \$195,000,000 shall only be available for those account maintenance fees; and

(3) those account maintenance fees shall be calculated in accordance with subsection (b)(2) of that section.

(b) Notwithstanding section 458(c)(2)(B) of that Act, in fiscal year 2006 and thereafter, a guaranty agency—

(1) shall have a contractual right against the United States for the account maintenance fees calculated under subsection (b)(2) of that section only to the extent of the amount specified for that purpose under paragraph (2) and any amounts that may be transferred in accordance with subsection (c)(2)(A) of that section; and

(2) shall not have a contractual right against the United States to receive payments for any insufficiency that remains after funds are transferred in accordance with subsection (c)(2)(A) of that section.

This proposal would change FY 2006 spending authority for administrative costs under the William D. Ford Direct Student Loan and Federal Family Education Loan (FFEL) programs, and for account maintenance fee payments to FFEL guaranty agencies, from mandatory to discretionary. An accompanying amendment to the Student Aid Administration account would provide discretionary appropriations for these purposes.

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While this provision would only affect FY 2006, the Administration intends to permanently change all spending authority authorized under Section 458 of the Higher Education Act (HEA) of 1965 to discretionary. Given budget scorekeeping requirements and current tight discretionary spending targets, however, the Administration believes that this permanent change would be better accomplished within the context of a broader revision of budget enforcement legislation, rather than through HEA reauthorization or the appropriations process.

Proposed section 305(b) would clarify that, for FY 2006 and thereafter, guaranty agencies are not entitled to account maintenance fee payments that exceed the amount available under this appropriation and the funding available in the Federal Fund. In the upcoming HEA reauthorization, the Administration will also propose to include this clarification in the authorizing statute.

Both provisions assume that the current authorization of programs under the HEA is extended through FY 2006. The authority for many programs authorized under this Act, and the administration of these programs, will expire on September 30, 2005. P.L. 108-366 extended the authorization of these programs through fiscal year 2005.

The proposed budget totals for would not be affected by this language amendment.

FY 2006 Budget Amendment

Agency: DEPARTMENT OF EDUCATION
Bureau: OFFICE OF STUDENT FINANCIAL ASSISTANCE
Heading: Student Aid Administration
FY 2006 Budget Appendix Pages: 364
FY 2006 Pending Request: \$939,285,000 (Legislative Proposal)
Proposed Amendment: Language
Revised Request: \$939,285,000

(In the appropriations language under the above heading, delete the opening and closing bracket, insert opening and closing bracket around "\$120,247,000" and insert the following new provision before the period: \$939,285,000, which shall remain available through September 30, 2007, of which \$195,000,000 shall only be for account maintenance fees for fiscal year 2006 that are payable to guaranty agencies under part B and are calculated in accordance with section 458 of the Act.)

This provision provides discretionary appropriations for administrative costs under the William D. Ford Direct Student Loan and Federal Family Education Loan (FFEL) programs, and for account maintenance fee payments to FFEL guaranty agencies. Providing these discretionary appropriations in FY 2006 corresponds with an accompanying amendment in the Department of Education General Provisions, which changes \$795 million of spending authority for these purposes from mandatory to discretionary.

This provision assumes that the current authorization of programs under the Higher Education Act of 1965 is extended through FY 2006. The authority for many programs authorized under this act, and the administration of these programs, will expire on September 30, 2005. P.L. 108-366 extended the authorization of these programs through fiscal year 2005.

The proposed budget totals would not be affected by this language amendment.

FY 2006 Budget Amendment

Agency: DEPARTMENT OF HEALTH AND HUMAN SERVICES
Bureau: CENTERS FOR MEDICARE AND MEDICAID SERVICES
Heading: Payments to Health Care Trust Funds
FY 2006 Budget Appendix Page: 449
FY 2006 Request: \$183,039,100,000
Proposed Amendment: -\$5,216,900,000
Revised Request: \$177,822,200,000

This amendment corrects the amount requested in the FY 2006 Budget for this appropriated entitlement, which inadvertently included \$5.2 billion in the appropriations request that was provided as an advance appropriation for FY 2006 in the 2005 Appropriations Act.

The proposed budget totals would not be affected by this technical amendment.

FY 2006 Budget Amendment

Agency: DEPARTMENT OF JUSTICE

Bureau: BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND
EXPLOSIVES

Heading: Salaries and Expenses

FY 2006 Budget
Appendix Page: 697

FY 2006
Pending Request: \$923,613,000

Proposed Amendment: -\$120,000,000

Revised Request: \$803,613,000

This proposal is necessary to reflect correctly the amount requested in the FY 2006 Budget for this account. The appropriations language for the account inadvertently included an additional \$120 million in discretionary budget authority to collect user fees from explosives produced in or imported into the United States that was already included in a separate legislative proposal.

The proposed budget totals would not be affected by this technical amendment.

FY 2006 Budget Amendment

Agency: DEPARTMENT OF JUSTICE
Bureau: OFFICE OF JUSTICE PROGRAMS
Heading: Justice Assistance
FY 2006 Budget Appendix Pages: 703-704
FY 2006 Pending Request: \$1,119,477,000
Proposed Amendment: \$20,000,000
Revised Request: \$1,139,477,000

(In the first unnumbered paragraph of the appropriations language under the above heading, delete "\$1,214,977,000" and substitute \$1,234,977,000;

in paragraph (2) delete "\$426,101,000" and substitute \$446,101,000; and

at the end of paragraph (2), after subparagraph (P), add the following new subparagraph Q: (Q) \$20,000,000 for a Capital Litigation Improvement Grant program;)

This amendment is necessary to reflect correctly an initiative to provide for a new grant program to train public defenders, prosecutors, and judges in State capital cases to ensure that defendants receive a fair sentence.

An accompanying amendment proposes the cancellation of an additional \$20 million in unobligated balances in the Community Oriented Policing Services account to offset this increased spending.

This amendment would increase FY 2006 outlays by \$4 million.

FY 2006 Budget Amendment

Agency: DEPARTMENT OF JUSTICE
Bureau: OFFICE OF JUSTICE PROGRAMS
Heading: Community Oriented Policing Services
FY 2006 Budget
Appendix Pages: 708-709
FY 2006
Pending Request: \$22,281,000 (Net)
Proposed Amendment: -\$20,000,000
Revised Request: \$2,281,000 (Net)

(In the last paragraph of the appropriations language under the above heading, delete "\$95,500,000" and substitute \$115,500,000.)

This proposal would increase the cancellation of unobligated balances in this account by \$20 million. These resources would offset the additional funding proposed for the Capital Litigation Grant Program in the Justice Assistance account, as described in an accompanying amendment.

This amendment would decrease FY 2006 outlays by \$1 million.

FY 2006 Budget Amendment

Agency: DEPARTMENT OF THE TREASURY
Bureau: DEPARTMENTAL OFFICES
Heading: Salaries and Expenses
FY 2006 Budget Appendix Page: 851
FY 2006 Pending Request: \$195,253,000
Proposed Amendment: Language
Revised Request: \$195,253,000

(In the appropriations language under the above heading, in the first proviso insert brackets around "further" and delete "not to exceed \$100,000 for official reception" and substitute not to exceed \$150,000 for official reception.)

This proposal is necessary to reflect correctly the policy in the FY 2006 Budget regarding the Department of the Treasury's official reception and representation expenses.

The proposed budget totals would not be affected by this technical amendment.

FY 2006 Budget Amendment

Agency: UNITED STATES-CANADA ALASKA RAIL COMMISSION

Heading: Salaries and Expenses

Appendix Page: 1234

FY 2006
Pending Request: ---

Proposed Amendment: Language

Revised Request: ---

(Delete the appropriations language under the above heading.)

This proposal is necessary to reflect correctly the policy in the FY 2006 Budget regarding the cancellation of unobligated balances in this account.

The proposed budget totals would not be affected by this technical amendment.

FY 2006 Budget Amendment

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|----------------------------------|---------------------|
| Agency: | LEGISLATIVE BRANCH |
| Bureau: | SENATE |
| Heading: | Miscellaneous Items |
| FY 2006 Budget Appendix Page: | 15 |
| FY 2006 Pending Request: | \$18,344,000 |
| Proposed Amendment: | -\$18,000 |
| Revised Request: | \$18,326,000 |

This proposal would decrease the pending request by \$18,000 for Miscellaneous Items. FY 2006 outlays would decrease by the same amount.

FY 2006 Budget Amendment

Agency: LEGISLATIVE BRANCH
Bureau: SENATE
Heading: Capitol Guide Service and Special Services Office
FY 2006 Budget Appendix Page: 19
FY 2006 Pending Request: \$4,268,000
Proposed Amendment: -\$170,000
Revised Request: \$4,098,000

This proposal would decrease the pending request by \$170,000 for the Capitol Guide Service and Special Services Office. FY 2006 outlays would decrease by the same amount.

FY 2006 Budget Amendment

Agency: LEGISLATIVE BRANCH

Bureau: LEGISLATIVE BRANCH BOARDS AND COMMISSIONS

Heading: Medicare Payment Advisory Commission, Salaries and Expenses

FY 2006 Budget Appendix Page: 42

FY 2006 Pending Request: \$9,979,000

Proposed Amendment: \$189,000

Revised Request: \$10,168,000

This proposal would correct an inadvertent error in the FY 2006 Budget and reflect correctly the Budget request for the Medicare Payment Advisory Commission, Salaries and Expenses (MedPAC). The \$189,000 increase is consistent with MedPAC's budget justification submitted to the Congress.

FY 2006 outlays would increase by the same amount.

FY 2005 Supplemental Proposal

LEGISLATIVE BRANCH

LIBRARY OF CONGRESS

Copyright Office, Salaries and Expenses

For expenses necessary to carry out the Copyright Royalty and Distribution Reform Act of 2004, \$485,000, which shall remain available until expended, exclusively for the Copyright Royalty Judges program under chapter 8 of title 17, United States Code.

The Library of Congress is requesting a supplemental appropriation of \$485,000 for Salaries and Expenses for the Copyright Office's Copyright Royalty Judges Program for FY 2005. This supplemental will cover the costs of the program from May 30, 2005, the effective date of the program, to September 30, 2005.

The Copyright Royalty Judges Program was created by the Copyright Royalty and Distribution Reform Act of 2004, P.L. 108-419, enacted November 30, 2004, and will take effect six months after the date of enactment or May 30, 2005. It replaces the current Copyright Arbitration Royalty Panels program with Copyright Royalty Judges, who will set rates and terms for the statutory licenses in the Copyright Act (with the exception of the satellite licenses) and determine the distribution of royalty fees collected by the Copyright Office. This is a new program in the Library of Congress and was not included in the Library's FY 2005 Budget.

The Library anticipates the requested funding will be obligated during the period of May 30, 2005, through September 30, 2005, but this request would not affect FY 2005 outlays.