

THE WHITE HOUSE

WASHINGTON

September 12, 2003

Dear Mr. Speaker:

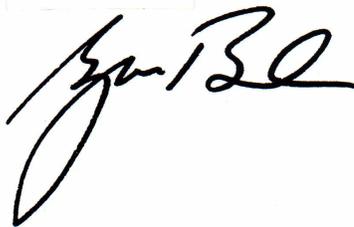
I ask the Congress to consider the enclosed amendments to the FY 2004 Budget for the Departments of Agriculture, Homeland Security, and Housing and Urban Development, as well as the Corps of Engineers.

These amendments would not change the total pending Presidential Request for FY 2004. However, they would adjust upward the total discretionary budget authority requested by \$0.9 billion, bringing the total discretionary funding agreed to by the Administration and the Congress to \$785.6 billion. This increase in discretionary funding is fully offset by a corresponding decrease in mandatory funding. All other proposals are assumed to be funded within this constraint.

This transmittal also contains FY 2004 budget amendments for the Legislative Branch and FY 2003 supplemental proposals for the Judicial Branch. As a matter of comity, appropriations requests of the Legislative and Judicial Branches 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 written in a cursive style with a large, sweeping initial "J".

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

September 11, 2003

The President
The White House

Submitted for your consideration are requests for FY 2004 budget amendments for the Departments of Agriculture, Homeland Security, and Housing and Urban Development, as well as the Corps of Engineers.

These amendments would not change the total pending Presidential Request for FY 2004. However, they would adjust upward the total discretionary budget authority requested by \$0.9 billion bringing the total discretionary funding agreed to by the Administration and the Congress to \$785.6 billion. This increase in discretionary funding is fully offset by a corresponding decrease in mandatory funding. All other proposals are assumed to be funded within this constraint.

This transmittal also contains FY 2004 budget amendments for the Legislative Branch and FY 2003 supplemental proposals for the Judicial Branch. As a matter of comity, appropriations requests of the Legislative and Judicial Branches are commonly transmitted without change.

Department of Agriculture (USDA)

- \$17.6 million is proposed for a new bureau and account for the Office of Civil Rights. The funding requested would be fully offset by a reduction within USDA, as proposed in an accompanying amendment.

Department of Homeland Security

- \$890.0 million is proposed to establish Project Bioshield. Overall, the amendment does not affect the budgetary totals. The request increases discretionary resources and reduces mandatory resources by an equal amount.

Department of Housing and Urban Development

- \$7.5 million is proposed as an increase to the anticipated costs of regulation and supervision of the publicly-traded housing government sponsored enterprises, Fannie Mae and Freddie Mac. These funds would be provided to the Office of Federal Housing Enterprise Oversight (OFHEO) to strengthen its examination, legal, and human resources functions, and to fund special investigations. It is expected that these and other resources available to OFHEO would be transferred to a new strengthened housing GSE regulator upon enactment of the proposal announced by the Secretaries of the Departments of Housing and Urban Development and Treasury on September 10, 2003. The Administration continues to support direct funding of these activities with mandatory assessments on Fannie Mae and Freddie Mac.

Corps of Engineers (Corps)

- \$42.0 million is proposed within the Construction account to carry out measures for the protection and recovery of three federally listed species affected by Corps projects and operations in the Missouri River Basin. This request is fully offset by reducing several other activities within the Construction account.

Legislative Branch & Judicial Branch

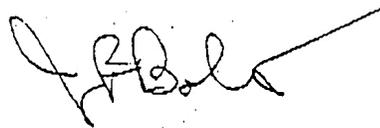
As a matter of comity, appropriations requests of the Legislative and Judicial Branches are commonly transmitted without change. However, the Administration believes these amounts must be accommodated within the top line discretionary spending levels agreed to for FY 2003 and FY 2004 by the Administration and the Congress. The proposals include:

- Amendments for the Architect of the Capitol, the Congressional Budget Office, the Government Printing Office, and the Medicare Payment Advisory Commission. In total these amendments would add \$48.6 million in discretionary resources to your FY 2004 Budget.
- Supplemental requests for the Courts of Appeals, District Courts, and Other Judicial Services. These proposals would provide an additional \$32.2 million to the Judicial Branch in FY 2003.

Recommendation

I have carefully reviewed these Executive branch requests and am satisfied that they are necessary at this time. Therefore, I join the heads of the affected Departments and the Chief of Engineers in recommending that you transmit the amendments 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 2004 Budget Amendment

Agency: DEPARTMENT OF AGRICULTURE

Bureau: OFFICE OF CIVIL RIGHTS

Heading: Office of Civil Rights

FY 2004 Budget
Appendix Pages: 60-61

FY 2004
Pending Request: ----

Proposed Amendment: \$17,550,000

Revised Request: \$17,550,000

(Insert the following new appropriations language after the Working Capital Fund account:)

For necessary expenses of the Office of Civil Rights, \$17,550,000, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed \$25,000 is for employment under 5 U.S.C. 3109.

This proposal would add appropriations language to reflect the separation of the Office of Civil Rights and the Office of Outreach from Departmental Administration. These offices, as they existed in Departmental Administration, will be combined into a separate Office of Civil Rights. This separation is consistent with the creation of the Assistant Secretary for Civil Rights in P.L. 107-171, the Farm Security and Rural Investment Act of 2002.

The \$17.6 million requested would be fully offset by a corresponding reduction to the Departmental Administration account, as proposed in an accompanying amendment for the Department of Agriculture.

FY 2004 Budget Amendment

Agency: DEPARTMENT OF AGRICULTURE
Bureau: DEPARTMENTAL ADMINISTRATION
Heading: Departmental Administration
FY 2004 Budget
Appendix Page: 61
FY 2004
Pending Request: \$45,128,000
Proposed Amendment: -\$17,550,000
Revised Request: \$27,578,000

(In the appropriations language under the above heading, delete "\$45,128,000" and insert \$27,578,000.)

This proposal would amend the pending appropriations language to reflect the separation of the Office of Civil Rights and the Office of Outreach from Departmental Administration. This separation is consistent with the creation of the Assistant Secretary for Civil Rights in P.L. 107-171, the Farm Security and Rural Investment Act of 2002.

Funds from this reduction would be used to offset an accompanying amendment for the Department of Agriculture.

FY 2004 Budget Amendment

Agency: DEPARTMENT OF HOMELAND SECURITY
Bureau: EMERGENCY PREPAREDNESS AND RESPONSE
Heading: Operating Expenses
FY 2004 Budget Appendix Page: 464
FY 2004 Pending Request: \$762,267,000
Proposed Amendment: \$890,000,000
Revised Request: \$1,652,267,000

(In the appropriations language under the above heading, insert the following at the end:)

In addition, for necessary expenses for securing medical countermeasures against biological terror attacks, \$5,593,000,000, to remain available until September 30, 2013: Provided, That not to exceed a total of \$3,418,000,000 may be obligated during fiscal years 2004 through 2008, of which not to exceed \$890,000,000 may be obligated during fiscal year 2004.

This proposal would provide \$890 million in discretionary funding for FY 2004 and appropriations totaling \$5,593 million from FY 2004 through FY 2013. Discretionary appropriations are proposed in lieu of the mandatory funding that is reflected in the President's FY 2004 Budget.

The requested funding is necessary to establish Project BioShield, a comprehensive, multi-year effort to accelerate research, development, and procurement of advanced countermeasures needed to protect against biological, chemical, radiological, and nuclear threats. Advance appropriations are proposed to ensure an identical funding stream to that assumed in the FY 2004 Budget over a 10-year period. Such certainty is necessary to stimulate industry action in the development and production of these critical countermeasures. Overall, the amendment does not affect the budgetary totals. The request increases discretionary resources and reduces mandatory resources by an equal amount.

Absent an enacted authorization, this language does not provide sufficient authorities for Project Bioshield to meet all of its objectives in the most effective manner.

FY 2004 Budget Amendment

Agency: DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Bureau: MANAGEMENT AND ADMINISTRATION

Heading: Office of Federal Housing Enterprise Oversight
Salaries and Expenses

FY 2004 Budget
Appendix Pages: 519 and 521

FY 2004 Budget
Pending Request: Permanent appropriations

The Administration continues to support the administrative provision (section 206) proposed in the FY 2004 Budget that would provide direct funding of housing enterprise oversight's activities with mandatory assessments on Fannie Mae and Freddie Mac. These funds would be provided to the Office of Federal Housing Enterprise Oversight (OFHEO) to strengthen its examination, legal, and human resources functions, and to fund special investigations. It is expected that these and other resources available to OFHEO would be transferred to a new strengthened housing GSE regulator upon enactment of the proposal announced by the Secretaries of the Departments of Housing and Urban Development and Treasury on September 10, 2003.

The cost of such activities in FY 2004 is now anticipated to be \$39,915,000, not \$32,415,000 as indicated on page 519. The \$7,500,000 increase would provide \$3,000,000 in additional funding to strengthen examination, legal, and human resources functions, as well as a one-time cost of \$4,500,000 to conduct special investigations at Freddie Mac and Fannie Mae to address unforeseen concerns about the enterprises' financial statements.

The \$7,500,000 would be derived from an equivalent increase in assessments on the enterprises.

FY 2004 Budget Amendment

Agency: CORPS OF ENGINEERS—CIVIL WORKS
Bureau CORPS OF ENGINEERS—CIVIL WORKS
Heading: Construction
FY 2004 Budget Appendix Page: 846
FY 2004 Pending Request: \$1,350,000,000
Proposed Amendment: ----
Revised Request: \$1,350,000,000

(In the appropriations language under the above heading, insert the following after the phrase "to remain available until expended,":)

of which up to \$64,000,000 is to carry out measures for the protection and recovery of the pallid sturgeon, interior least tern, and piping plover in the Missouri River basin, including the Kansas, Platte, and Yellowstone Rivers;

This proposal would allow the agency to use an additional \$42 million from within the Construction account to carry out measures for the protection and recovery of three federally listed species affected by the following Army Corps of Engineers (Corps) projects and operations: the Missouri River Mainstem Reservoir System, the Bank Stabilization and Navigation Project, and the Kansas River Project. The proposed appropriations language clarifies that the Corps may undertake these activities within the Missouri River Basin wherever they are most likely to be effective, which may include efforts beyond the areas being restored under the Missouri River Fish and Wildlife Mitigation project. These funds would be in addition to the \$22 million requested in the Budget for the Missouri River Fish and Wildlife Mitigation project.

This proposal would be fully offset by reductions to various projects within the Construction account. These reductions would have minimal programmatic effects and would not result in the termination of any contracts scheduled for award through the end of FY 2003.

The following table shows the proposed reductions to the Construction account.

(in dollars)

| <u>PROJECT NAME</u> | <u>REDUCTION</u> |
|------------------------------------------------------------------|------------------|
| Tropicana and Flamingo Washes, NV | -4,000,000 |
| Sheyenne River, ND | - 500,000 |
| Loves Park, IL | - 500,000 |
| J. Bennett Johnston WW, Miss. River to Shreveport, LA | -1,000,000 |
| Lake Pontchartrain, LA (Hurricane Protection) | - 500,000 |
| Chain of Rocks, IL | - 500,000 |
| Santa Ana River Mainstem, CA | -3,000,000 |
| Charleston Harbor, SC | - 500,000 |
| Rio Puerto Nuevo, PR | -1,000,000 |
| Walter F. George Powerhouse, AL and GA (major rehabilitation) | - 250,000 |
| Buford Powerhouse, GA (major rehabilitation) | - 250,000 |
| J. Strom Thurmond Lake, GA and SC | - 500,000 |
| John H. Kerr Dam and Reservoir, VA and NC (major rehabilitation) | - 500,000 |
| Montgomery Point Lock and Dam, AR | -3,000,000 |
| Levisa and Tug Forks and Upper Cumberland River, WV, VA, and KY | -2,000,000 |
| McCook and Thornton Reservoirs, IL | -2,300,000 |
| Chicago Shoreline, IL | -3,000,000 |
| Kentucky Lock and Dam, KY | -3,100,000 |
| Locks and Dams 2, 3, and 4, Monongahela River, PA | -3,700,000 |
| Marmet Lock, Kanawha River, WV | -6,400,000 |
| McAlpine Locks and Dam, Ohio River, KY and IN | -4,500,000 |
| Mill Creek, OH | -1,000,000 |

FY 2004 Budget Amendment

Agency: LEGISLATIVE BRANCH
Bureau: CONGRESSIONAL BUDGET OFFICE
Heading: Salaries and Expenses
FY 2004 Budget
Appendix Page: 18
FY 2004
Pending Request: \$33,450,000
Proposed Amendment: \$543,000
Revised Request: \$33,993,000

(In the appropriations language under the above heading, delete "\$33,450,000," through "Management System" and substitute \$33,993,000.)

This proposal would increase the pending request by \$543,000 for Salaries and Expenses of the Congressional Budget Office (CBO). The FY 2004 Request is being amended to include the funds, which CBO is required to transfer to the Federal Accounting Standards Advisory Board when it becomes a member of the Board.

FY 2004 Budget Amendment

Agency: LEGISLATIVE BRANCH
Bureau: CONGRESSIONAL BUDGET OFFICE
Heading: Administrative Provisions
FY 2004 Budget
Appendix Page: 18
FY 2004
Pending Request: ----
Proposed Amendment: Language
Revised Request: ----

(In the appropriations language under the above heading, all provisions should be deleted.)

This proposal would eliminate the two Administrative Provisions for the Congressional Budget Office contained in the FY 2004 Budget.

FY 2004 Budget Amendment

Agency: LEGISLATIVE BRANCH
Bureau: ARCHITECT OF THE CAPITOL
Heading: Capitol Visitor Center
FY 2004 Budget Appendix Page: 23
FY 2004 Pending Request: ----
Proposed Amendment: \$47,800,000
Revised Request: \$47,800,000

(In the appropriations language under the above heading, insert the following after "Capitol Visitor Center":)

For necessary expenses to support construction of the Capitol Visitor Center, \$47,800,000, to remain available until expended: Provided, That no funds may be obligated until an obligation plan has been approved by the Committees on Appropriations.

This proposal would provide additional funding to complete the Capitol Visitor Center project, as estimated in the GAO report of June 20, 2003.

FY 2004 Budget Amendment

Agency: LEGISLATIVE BRANCH
Bureau: GOVERNMENT PRINTING OFFICE
Heading: Administrative Provisions
FY 2004 Budget Appendix Page: 34
FY 2004 Pending Request: ----
Proposed Amendment: Language
Revised Request: ----

(Delete the entire appropriations language under the above heading and insert the following:)

SEC. 204. (a) Section 303 of title 44, United States Code, is amended to read as follows:
“(a) The Public Printer shall receive compensation at an annual rate of pay that is equal to the lower of—

- (1) the highest annual rate of compensation of any officer of the Senate; or
- (2) the highest annual rate of compensation of any officer of the House of Representatives.

(b) The Deputy Public Printer shall receive compensation at an annual rate of pay that is \$1,000 less than the annual rate of pay received by the Public Printer, as determined under subparagraph (a).”.

SEC 205. (a) Chapter 3 of title 44, United States Code, is amended by adding at the end the following new section:

“SEC. 318. Transfer of surplus property; acceptance of gifts; acceptance of voluntary services

“(a) TRANSFER OF SURPLUS PROPERTY.-The Public Printer may donate or transfer without charge surplus publications and surplus or obsolete equipment and supplies of the Government Printing Office to-

- “(1) other entities of the Federal Government;

“(2) organizations described in paragraph (3) or (4) of section 501(c) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code; or

“(3) State or local governments.

“(b) ACCEPTANCE OF GIFTS.-

“(1) IN GENERAL.-The Public Printer may accept, hold, and administer gifts and bequests of real or personal property for the purpose of supporting the work of the Government Printing Office, and shall utilize the property involved and the proceeds thereof in accordance with the terms of the gift or bequest to the greatest extent practicable.

“(2) DEPOSIT OF FUNDS AND PROCEEDS INTO REVOLVING FUND.-Any gift or bequest of money received under this subsection, together with any proceeds of the sale of any property received as a gift or bequest under this subsection, shall be deposited into the revolving fund under section 309, and shall be disbursed upon order of the Public Printer.

“(c) ACCEPTANCE OF VOLUNTARY SERVICES.-Notwithstanding section 1342 of title 31, United States Code, the Public Printer may accept the services of volunteers to support the work of the Government Printing Office, except that any individual who provides services to the Office as a volunteer pursuant to this subsection shall be treated as an employee of the Office only for purposes of chapter 81 of title 5, United States Code (relating to compensation for work injuries), and chapter 171 of title 28, United States Code (relating to tort claims).”.

(b) The table of sections of chapter 3 of title 44, United States Code, is amended by adding at the end the following new item:

“318. Transfer of surplus property, acceptance of gifts; acceptance of voluntary services.”.

(c) The amendments made by this section shall apply with respect to fiscal year 2004 and each succeeding fiscal year.

FY 2004 Budget Amendment

Agency: LEGISLATIVE BRANCH

Bureau: OTHER LEGISLATIVE BRANCH AGENCIES

Heading: Medicare Payment Advisory Commission,
Salaries and Expenses

FY 2004 Budget
Appendix Page: 37

FY 2004
Pending Request: \$9,000,000

Proposed Amendment: \$300,000

Revised Request: \$9,300,000

This proposal would increase the pending request for the Medicare Payment Advisory Commission (MedPAC), Salaries and Expenses by \$300,000. The FY 2004 Request is being amended to reflect the amount requested in MedPAC's budget justification submitted to the Congress, and to assure a level of funding that meets the Commission's responsibilities to the Congress.

FY 2003 Supplemental Request

JUDICIAL BRANCH

COURTS OF APPEALS, DISTRICT COURTS, AND OTHER JUDICIAL SERVICES

Salaries and Expenses

For an additional amount for "Salaries and Expenses," \$12,187,000, to remain available until expended for costs associated with the 15 additional judgeships, authorized under Public Law 107-273.

Public Law 107-273 authorized 15 new district Article III judgeships effective July 15, 2003. Nominations for all 15 judgeships are currently before the Senate. This request would provide the funding needed for space build-out for courtrooms, chambers, furniture, and equipment to support the 15 judges and associated chambers staff.

FY 2003 Supplemental Request

JUDICIAL BRANCH

COURTS OF APPEALS, DISTRICT COURTS, AND OTHER JUDICIAL SERVICES

Defender Services

For an additional amount for "Defender Services," \$17,228,000, to remain available until expended.

This request would provide funding for higher than anticipated Criminal Justice Act representations. Since the beginning of March 2003, panel attorney payments have averaged over \$1 million per day, approximately 5.8 percent above the anticipated daily panel attorney payment rate.

FY 2003 Supplemental Request

JUDICIAL BRANCH

COURTS OF APPEALS, DISTRICT COURTS, AND OTHER JUDICIAL SERVICES

Fees of Jurors and Commissioners

For an additional amount for "Fees of Jurors and Commissioners," \$2,778,000, to remain available until expended.

This request would provide funding for higher than anticipated juror days.